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U.S. Studying Ways to Pressure Nicaragua
Washington Is Said to Weigh Moves Short of Direct Military Intervention

By Philip Taubman
WASHINGTON — The Reagan administration, concerned about what it says is an increased flow of Soviet bloc weapons to Nicaragua, is considering intensifying diplomatic and military pressure on Managua, according to senior administration officials.

France, Libya Say Pullout From Chad Is Complete

By Michael Dobbs
PARIS — France and Libya have announced the completion of a phased withdrawal of their troops from Chad after a 15-month stand-off in the desert.

The withdrawal paves the way for a modest improvement in relations between Paris and Tripoli, which have been strained severely as a result of the confrontation in Chad. French officials have hinted at the possibility of a summit meeting between Colonel Mouammar Qadhafi, the Libyan leader, and President François Mitterrand of France.

The completion of the pullback, announced Saturday, represents a significant foreign policy success for Mr. Mitterrand at a time when his standing in the opinion polls has sunk to an all-time low because of public discontent over the way his Socialist government has handled the French economy. About 3,000 French troops were sent to Chad in August 1983 to prevent the overthrow of the government by Libyan-backed rebels.

The purpose of the operation was to make the foreigner leave. He has left," said Claude Cheysson, the French external relations minister, in a television interview. "Chad is once again in the hands of the Chadians."

Questioned about the possibility of improving relations with Libya, Mr. Cheysson added: "Colonel Qadhafi has a special kind of policy, different from ours. It is good to be able to talk to him, at all levels. Such meetings must take place, also at the highest level, when the occasion presents itself."

The withdrawal of French and Libyan troops was confirmed by observers from both sides. Previously Chadian officials had expressed doubts that the Libyans would stick to their side of the agreement that was announced Sept. 17.

The pullback leaves President Hissène Habré of Chad in a strengthened political and military position. His French-trained army is considered better organized and equipped than the rebels under Goukouni Oueddei, the former president who was deposed by Mr. Habré in 1982 and who still controls the north of the country.

French military intervention in Chad was condemned by radical black African states. But it received enthusiastic support from the Reagan administration and moderate French-speaking African countries concerned about the threat of Libyan expansionism in their own stability.

The joint statement Saturday, released simultaneously in Paris and Tripoli, said that "the evacuation operations of the French forces in Chad and the Libyan units" had ended "following the intervention (Continued on Page 2, Col. 2)



The U.S. secretary of state, George P. Shultz, in his office.

Soviet Seeks Details Of U.S. Arms Proposal

By Bernard Gwertzman
WASHINGTON — The Soviet Union has sought clarification of President Ronald Reagan's proposal for wide-ranging "umbrella" talks on arms control, according to the State Department.

The Soviet inquiries have produced some hope that Secretary of State George P. Shultz and the Soviet foreign minister, Andrei A. Gromyko, might hold more detailed discussions on nuclear issues early next year.

Administration officials said Friday, however, that the Soviet Union had so far limited itself to asking questions without making any commitment to resuming the suspended talks on medium-range missiles or strategic arms.

In public, the Soviet Union has criticized the U.S. proposals, arguing that Washington is trying to avoid making substantive concessions by coming up with procedural suggestions like the "umbrella talks" and the creation of a special arms-control "czar" who would deal directly with the president.

Mr. Shultz, however, made it clear Thursday in an interview that he opposed appointing a special negotiator, or "czar," on arms control and that he felt it better that he and Mr. Gromyko coordinate discussions under the "umbrella" concept outlined by Mr. Reagan at the United Nations in September.

According to Mr. Shultz, other officials would be involved in specific negotiations, "but there has to be some overall place where it's managed below the president."

Tass, the Soviet press agency, also assailed the idea of an arms-control czar, saying that "this is no more than a routine trick."

"It is a smokescreen for the continuation of the present course of the administration," Tass said.

On Sept. 24, Mr. Reagan, noting that there were many different arms-control negotiations, said: "We need to extend the arms-control process to build a bigger umbrella under which it can operate—a road map, if you will, showing (Continued on Page 2, Col. 4)

Lebanese Say Talks Called Off

Israeli Arrest Of Shiites Stops Pullout Effort

By John Kifner
BEIRUT — The Lebanese government, under strong pressure from Islamic fundamentalists, has suspended negotiations with Israel on a withdrawal of Israeli troops from southern Lebanon.

The talks, which had been expected to go on for months, opened Thursday in Naqurah, Lebanon, under United Nations auspices. Lebanese announced Saturday that the reason for the suspension was the Israeli arrest of 13 Shiite Muslim officials of the Amal militia, which has been in the forefront of armed resistance to the Israeli occupation of southern Lebanon. The government said the talks could not be resumed until all the officials were freed.

In Jerusalem, a senior official said Sunday that Israel will not release the Shiite militia leaders to meet the Lebanese demand. The Associated Press reported. The official, who spoke on condition he not be identified, said after a meeting of Prime Minister Shimon Peres' cabinet that the suspension of talks could be a negotiating tactic by the Lebanese.

"We are not going to release the prisoners in continue the discussions," the official said, adding that "the hope and feeling" is that the talks "will be resumed quite soon. There is a hope they will be resumed this week."

Despite the Lebanese statements linking the suspension to the arrests, some officials in Beirut suggested that the real problem appeared to be a behind-the-scenes struggle between Nabih Berri, the leader of Amal, and fundamentalist Shiite clergy.

The suspension of negotiations was announced separately by Mr. Berri and Prime Minister Rashid Karami.

Mr. Karami, after a 90-minute meeting with President Amin Gemayel, said there would be "no more meetings with Israel" until the arrested Shiite militants were released.

Mr. Berri took an even stronger position, calling for a general strike in southern Lebanon on Monday.

"Let it be a southern uprising," said Mr. Berri, who is minister for the south in the Lebanese cabinet. "Block roads, burn tires and carry out a general strike."

The issue raised by Mr. Berri and Mr. Karami on Saturday concerned the arrest of an Amal leader in the south, Mahmoud Fakih, and a dozen associates in Sidon on Thursday night. The Israelis reportedly released eight of the inmates but kept Mr. Fakih and his closest associates in custody.

Israeli troops reportedly raided a (Continued on Page 2, Col. 1)



Dominic Gavin, a disabled Vietnam veteran, looks at the new bronze statue called "Three Fightingmen" at the Vietnam Veterans Memorial on the Mall in Washington.

A Monument With a Life of Its Own

Vietnam War Lives On at U.S. Veterans Memorial

By Arthur S. Brisbane
WASHINGTON — In a city of monuments, the Vietnam Veterans Memorial is yet another monument, a point of interest for the passing parade of tour buses, school field trips and guidebook-toting families.

But there is something very different about this stop. Around the memorial, a community has formed to interact with the 58,022 names of the dead etched in granite. This monument has taken on a life of its own.

Some come in the night to relive a battle. Some come to grieve for a comrade in arms, a fiancée, a son, a daughter. Some come because the war orphaned their emotions and the wall has become home. Some come to serve the lost soldiers.

Last weekend marked the second anniversary of the memorial's dedication. A ceremony Sunday, Veterans Day, attracted Vietnam veterans from around the country for the dedication of "Three Fightingmen," a heroic-sized bronze statue depicting a black, Caucasian and Hispanic in combat gear.

During a 24-hour period observed there last week, it was clear that the Vietnam War did not end for Americans with the Paris peace treaty. For those who fought "Charlie" in the jungle, Vietnam lives on.

By 9 A.M. on a cool November morning, Edward Azevedo had already begun handing out the

Savimbi Demands Role in Angolan Peace Negotiations

By Alan Cowell
JAMBA, Angola — Jonas Savimbi, leader of a guerrilla movement based in southern Angola, is demanding that he be included in the newest phase of U.S.-sponsored peace talks in this region of intertwined conflicts.

If he continues to be excluded, he said at a press conference at his bush encampment Friday, he will seek to intensify his country's nine-year civil war next month by sending 7,000 newly trained soldiers to attack Luanda, the Angolan capital, 800 miles (1,300 kilometers) north of here.

"If we do not participate" in the negotiations, he said, "it becomes complicated."

"I do not want to rock the boat," he continued. "I want to be part of it."

While Mr. Savimbi, leader of the pro-Western National Union for the Total Independence of Angola, has given similar warnings in the past, his comments seem to reflect a growing sense of alarm among him and his followers that they could be abandoned by allies who are seeking both peace in South-West Africa, also known as Namibia, and the withdrawal of Cuban troops from Angola.

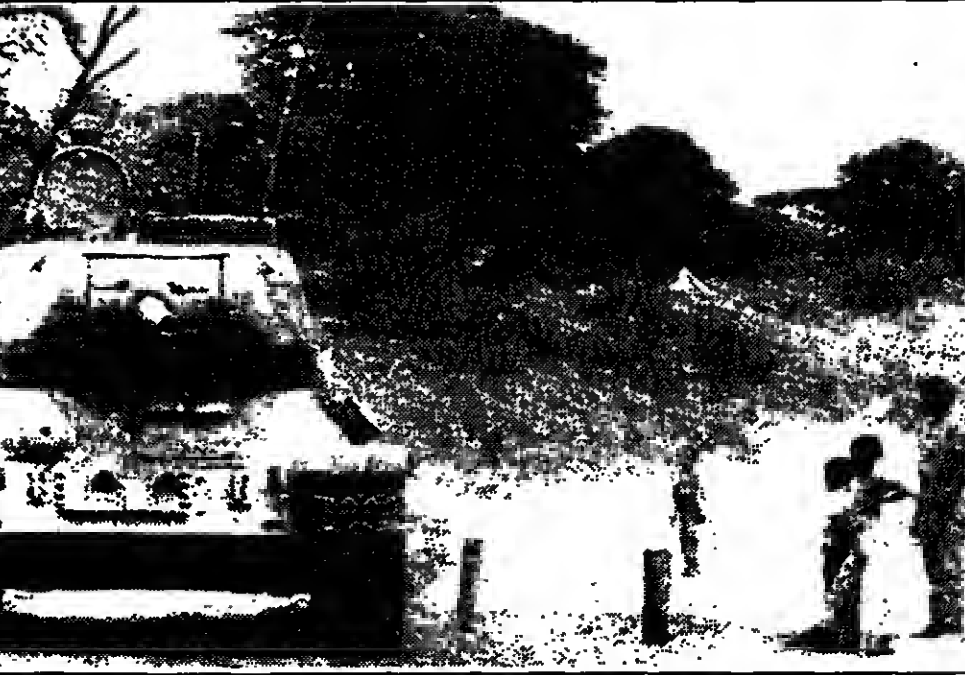
[President José Eduardo dos Santos of Angola said Sunday that Angola and the United States were discussing an overall peace agreement for southern Africa, the official Angolan news agency said, Reuters reported from Lisbon.]

[But he emphasized that any deal for withdrawing the estimated 25,000 Cuban troops from Angola depended on implementing independence for Namibia and pulling South African troops out of southern Angola. He made no mention of Mr. Savimbi's call for a role in talks on Namibian independence and a Cuban withdrawal.]

Mr. Savimbi, a bearded guerrilla commander with a pistol on his hip and a general's three stars on his uniform, said that the 7,000 soldiers would complete their training on Dec. 20 and would be "ready to close on Luanda strongly."

In later briefings for smaller groups of correspondents, flown in from South Africa to what Mr. Savimbi calls his provisional capital here, he seemed to modify his warning. He said that for the soldiers, the "objective is nothing else but Luanda."

The rebel leader's worries have been prompted by the U.S. initiative to arrange an agreement between South Africa and Angola that will lead to independence in Namibia in tandem with the withdrawal of an estimated 30,000 Cuban soldiers based in Angola to protect the Marxist government from Mr. Savimbi's forces.



A captured Soviet tank moves through the Angolan rebel camp at Jamba in the south of the country.

in Namibia, the main conduit for support, would sever the principal routes for supplies of fuel, ammunition and other items regarded as critical to Mr. Savimbi's effort.

Drawing a distinction between the White House and the U.S. State Department, Mr. Savimbi offered strong congratulations to President Ronald Reagan on his re-election, was sharply critical of the State Department, demanding that it clarify its position on the Cuban presence in Angola.

Last week, Chester A. Crocker, assistant secretary of state for African affairs, returned to Washington from the Cape Verde Islands, where he met senior South African officials. Mr. Crocker reportedly conveyed to the African officials an Angolan offer to scale down the number of Cubans in the country and redeploy them to the north if South Africa agrees to put into effect a United Nations plan for independence in Namibia.

An American participant in the discussions said the protracted talks could be at "the beginning of an endgame" but stressed that tough negotiations lay ahead. Previously, Angola has refused to accept U.S. and South African demands that link ending Namibia's guerrilla war with a Cuban withdrawal from Angola.

Mr. Savimbi acknowledged that concern over his movement's future had prompted the convening last week of a special congress here to discuss alternative strategies in case

Poll Finds Signs of Shift In Republicans' Favor

By Adam Clymer
NEW YORK — President Ronald Reagan's lonely landslide is a personal victory with little precise policy mandate or clear ideological underpinning, but it offers the Republican Party several reasons for long-range hope, a New York Times/CBS News poll of voters shows.

For Republicans, every presidential victory raises the hope of a political realignment that would again make their party the nation's dominant party after half a century in which it has been unable to take lasting control of offices besides the White House.

The survey of 8,671 voters leaving polling places suggested that Election Day this year provided more encouragement for Republicans than the mixed record of congressional and gubernatorial elections might suggest.

On its face, the two-seat loss in the Senate and the gain of 14 seats, or perhaps one more, in the House of Representatives is most reminiscent of President Richard M. Nixon's landslide in 1972, when he defeated the Democrat, George S. McGovern, while his party lost two Senate seats and gained but a dozen in the House.

That landslide, probably because of the Watergate scandals, provided little long-range progress for the party.

But this time the Republicans showed depth. They carried easily with the first increase in voter turnout since 1960, carrying first-time voters for Mr. Reagan and for House candidates. Almost as many voters called themselves Republicans as Democrats this time; the Democratic edge of 43 percent to 29 percent in 1980 shrank to 38 to 35 percent in 1984.

Perhaps most important for the

Republican Party, the youngest voters were solidly for Mr. Reagan, and more call themselves Republicans than Democrats. Four years ago, this group was Jimmy Carter's most favorable age group.

The Times/CBS News Poll found that three-fifths of Mr. Reagan's voters agreed with him on issues that mattered to them, from

Soviet commentators explain the Reagan victory. Page 4. Watching Ronald Reagan's advisers will provide clues on U.S. economic policy. Page 15.

arms control to abortion. But a fifth had important disagreements and another fifth had no strong feelings on issues one way or the other. Those findings limited the degree to which any clear legislative mandate could be discerned.

The proportion of the voters calling themselves conservative rose to 35 percent in 1984 from 30 percent in 1980, and Mr. Reagan's share of their votes reached 81 percent, compared with 72 percent in 1980.

But the significance of those increases was tempered by the fact that even fewer voters directly identified Mr. Reagan's conservatism as a reason for voting for him.

Mr. Reagan's personal style and handling of the economy, which 83 percent of his voters thought was better, were the dominant strains.

Measuring the depth of Mr. Reagan's second-term mandate is especially difficult because his campaign managers chose to have him avoid specific campaign promises.

However, on the issue of whether taxes would have to be raised to reduce the federal deficit, where Mr. Reagan has taken the firm position that they do not, his support (Continued on Page 2, Col. 3)

INSIDE
The 'cleanliness' of the microelectronics industry is being challenged. Page 3.
Solidarity activists in Krakow have formed a new group to monitor Polish human rights abuses. Page 4.
International concerns continue to grow over the famine in Ethiopia. Page 5.
N.T. Rama Rao, the chief minister of Andhra Pradesh state, says he will continue his opposition to the government of India. Page 8.
BUSINESS/FINANCE
Brazil will try to postpone repayment of \$4.3 billion in foreign credit when it meets with creditors this week. Page 15.
Personal Investing
Finding good buys in technology stocks is becoming more difficult. The Personal Investing section lists some promising issues. Page 9.

Bonn Is Said to Urge Asylum-Seekers to Give Up

HAMBURG — After weeks of fruitless negotiations with the Communist authorities, West Germany is urging East German asylum-seekers who sought refuge in four of its embassies in East European countries to go home, it was reported Sunday.

A government spokesman in Bonn said that he was unable to confirm or deny the unattributed reports by Welt am Sonntag and Bild Zeitung. Both newspapers are published in Hamburg.

The government announced Friday that up to 180 East German

refugees were being sheltered by West German embassies in Prague, Warsaw, Budapest and Bucharest. East Germany has insisted that they return home and apply for exit visas through normal channels, promising not to punish them.

The biggest and longest standoff involves more than 140 asylum-seekers camped out in the West German Embassy in Prague, Czechoslovakia, since early October.

Official Bonn sources earlier confirmed that disheartened refugees were leaving the Prague mission in small groups, but no exact

count was available on how many had left.

Unconfirmed reports by West German news organizations said that between 15 and 65 people had abandoned the Prague embassy by Sunday and Bild said that 50 probably would leave Monday.

There was no indication whether refugees were doing the same in Budapest, Bucharest or Warsaw. West German embassies in those capitals are believed to be harboring around a dozen refugees each.

Welt am Sonntag said the refugees were being advised to follow

their government's advice and return home to apply for legal emigration.

Both Welt am Sonntag and Bild said the West German government appeared optimistic that the refugees would eventually secure exit visas if they went home first.

Welt am Sonntag said Bonn had determined that the Communist authorities were granting a growing number of visas to citizens deemed "unreliable."

Bonn closed its Prague embassy indefinitely on Oct. 4, saying it was filled to capacity.

Beirut Halts Negotiations On Troops

(Continued from Page 1)

Shiite neighborhood in the mainly Sunni Moslem port city and detained the men. The raid followed an ambush Wednesday near the municipal building in Sidon in which an Israeli soldier was killed and four were wounded.

Mr. Berri has become closely identified with the Lebanese government's attempts to end the two-year occupation of southern Lebanon, which has imposed severe hardships and been met by increasing armed resistance by the largely Shiite population.

There have been daily guerrilla attacks on the Israeli troops and the Lebanese militias they have sponsored. The increasing casualties have been an important factor in Israel's desire to withdraw its troops.

Lebanon's efforts to negotiate an end to the occupation have been sharply opposed by fundamentalist clerics, who say the government should not be dealing with Israel in the matter.

The most prominent Shiite cleric, Sheikh Mohammed Mahdi Shamseddin, called in a sermon Friday for rejection of the talks because they were "a new trick from Israel."

The challenge from the Islamic clerics is widely regarded here as a major threat to the somewhat Westernized, middle-class leadership of Mr. Berri and his associates over the Lebanese Shiites, who are rapidly becoming a major force in the country.

Sheikh Mohammed Hussein Fadlallah, an increasingly prominent fundamentalist who is viewed



Nabih Berri

by many as the inspiration behind Hezbollah, an amorphous fundamentalist organization influenced by the Islamic revolution in Iran, was among several Moslem clerics who staged a demonstration against the talks earlier last week.

Mr. Fadlallah and his followers were joined Friday by a Sunni fundamentalist leader from Tripoli, Prince Saeed Shabaan, who declared that the negotiations were "treason."

The challenge by the influential cleric to Mr. Berri's participation appeared to raise questions about the Lebanese government's ability to continue with the negotiations.

There has been speculation that if the Lebanese government is unable to come up with a coherent plan, Israel may withdraw unilaterally from southern Lebanon. Lebanese officials fear that this could lead to clashes between the largely Shiite population and those who cooperated with the Israelis, mainly Lebanese Christians.

Meanwhile, most of the crossing points between East and West Beirut were reopened Saturday after two days of fighting, with only sporadic sniper fire reported in the city.

Exit Poll Finds Signs of Shift In Republican Party's Favor

(Continued from Page 1)

ers agreed with him by 74 percent to 20 percent.

None of The Times/CBS News Poll's findings suggested that many Reagan voters were solidly against him on an issue that mattered to them. While 21 percent appeared to disagree on an issue that weighed heavily with them, two-thirds of that group also agreed on another issue that mattered.

But there were some pockets of disagreement. About half his voters identified arms control, the risk of war or military strength as key to their voting decisions, and about a quarter said the United States ought to negotiate a nuclear freeze first rather than strengthening its defenses first.

Nine percent of Mr. Reagan's voters identified abortion as a key issue, and two-thirds of them wanted to prohibit abortions. Among all his voters, however, only 29 percent took that absolute position, while 32 percent said they wanted abortion banned except in "extreme circumstances" and 35 percent favored the existing legal situation.

Two percent of Mr. Reagan's voters and 6 percent of Walter Mondale's said "policy toward Central America" was a major voting issue. They appeared to agree solidly with their candidate on that question.

Those who disagreed on issues but voted for Mr. Reagan appeared satisfied with his handling of the economy and felt that he provided strong leadership (cited by 41 percent of his voters) and experience (identified by 35 percent).

The holding of traditional values ranked well down among the young as a reason to support Mr. Reagan. They saw leadership, experience

and the economy as reasons for giving Mr. Reagan an edge of 60 to 39 percent. This year those 18 to 24 years old preferred Republican House candidates by a margin of 48 to 41 percent. Of those in that age group, 40 percent called themselves Republicans while 34 percent said they were Democrats.

The partisan gap between men and women was considerably smaller in this presidential race than in 1980. Among all men, Mr. Reagan led, 61 to 37 percent; among women his margin was 57 to 42 percent. In 1980, Mr. Reagan led Mr. Carter by 55 to 36 percent among men and by 47 to 45 percent among women.

Soviet Questions U.S. on Arms Talks

(Continued from Page 1)

where, during the next 20 years or so, these individual efforts can lead.

He said this would aid the different talks so that if one particular negotiation was stalemated, the "umbrella" framework could direct progress toward another area.

The idea, came from the Arms Control and Disarmament Agency, officials said, as a way of resuming the suspended nuclear arms talks while holding out an opportunity to open talks on banning the militarization of outer space, something sought by Moscow.

It would also provide a forum for talks on other deadlocked issues such as the negotiations on banning chemical weapons, the negotiations on East-West conventional forces in Europe and on confidence-building measures in Europe.

On Friday, John Hughes, the State Department spokesman, said that when Mr. Gromyko held talks with Mr. Shultz and Mr. Reagan in September in New York and Washington, the Russian asked about the "umbrella talks concept."

There was "probing" and "clarification" when Mr. Shultz conferred on Oct. 26 with Ambassador Anatoli F. Dobrynin and on Oct. 31 when Ambassador Arthur A. Hartman met with Mr. Gromyko in Moscow, Mr. Hughes said.

He said the idea emerged from the discussion held with the Russians last summer when they proposed talks in Vienna in mid-September on banning space weapons. The United States agreed, but said the talks should not be limited to defensive weapons, like anti-satellite devices, but should include resumption of the suspended talks on nuclear arms. The Russians rejected combining the suspended talks with the space weapons, and the Vienna meeting was dropped.

A year ago, the Soviet Union suspended the talks on medium-range missiles after the North Atlantic Treaty Organization began deployment of new U.S. missiles. Moscow also did not agree to resume the strategic arms talks after the talks recessed last Christmas.

The Russians said the United States had to remove "obstacles" before the talks could be resumed. It said this meant a halt to the deployment of the new missiles and dismantling those already in place. More recently, however, the Soviet Union has not been so specific, leading to some speculation that it was looking for some way of resuming the talks.

Mr. Shultz said the umbrella talks "seemed like a way of creating a setting in which you could talk about a lot of important arms-control issues in a forum and sort of sort them out and look at the relationships of one to the other."

But the administration has not



REMEMBRANCE DAY — Queen Elizabeth II laid a wreath Sunday at the Cenotaph, a London memorial to war dead. She was commemorating the signing of the armistice on Nov. 11, 1918, which ended World War I.

Monument With Special Role

(Continued from Page 1)

names of the first advisers killed in 1959 and the names of the last killed when Cambodian forces seized the U.S. merchant ship Mayaguez in 1975. Miss Furvis closed her eyes and her face flushed with emotion.

"Without something like this to help you understand the pain of going through a war, you're not as good a pacifist," she said later.

Mr. Azevedo, on the other hand, like a number of other veterans reminded about how the war could have been won.

"After the Tet offensive," he said, "I thought it would be ended by September. It was just such a major victory for us."

As dusk fell, scores of small lamps at the base of the memorial flickered on.

It is not unusual for shadowy figures to appear on the periphery of the memorial. Pegi Donovan, a Park Service volunteer, said she often saw them in the evening.

"There are regulars who come down at night," she said. "I have seen guys sitting up here by the seats and not be able to get any farther."

For the Record

Five Romanian diplomats were ordered expelled from West Germany on Friday and will leave "in the next few days," a Foreign Ministry spokesman said Saturday in Bonn. They were accused of activities incompatible with their status.

A Sicilian suspected of organized crime activities, Nicolo Milano, was arrested Saturday in Palermo. Mr. Milano, who had been sought by police since 1979, was accused of ties with some of the dominant Sicilian Mafia groups. According to police, he was named by Tommaso Buscetta, who has confessed to Mafia activities and accused dozens of other people of criminal associations. (AP)

U.S. Studies Moves Against Nicaragua

(Continued from Page 1)

tems and other surface-to-air missiles.

CIA Workers to Be Punished

David Hoffman of The Washington Post reported from Santa Barbara, California:

Mr. Reagan, accepting the recommendation of the CIA inspector general and the Intelligence Oversight Board, agreed Saturday to discipline several workers at "lower levels" in the agency for "poor judgment and lapses in oversight" in the publication of a manual for Nicaraguan rebels on guerrilla techniques.

Mr. Rousell said he would not identify the employees disciplined or provide further information about the extent of the disciplinary actions.

Mr. Rousell said this would be Mr. Reagan's final comment on the matter. Last week, at a post-election news conference, Mr. Reagan said the controversy over the manual was "much ado about nothing."

WORLD BRIEFS

Diplomats Speculate on Soviet Death

MOSCOW (Reuters) — Diplomatic speculation that a senior Soviet leader may have died, prompted by the weekend dress of television announcers, abated Sunday when a top Kremlin official went ahead with a trip to Southeast Asia.

First signs of a death in the Soviet leadership are normally derived from the dress of newscasters and solemn music on state radio, given the habitual refusal of the authorities to comment ahead of an official announcement.

Sunday's mid-morning television news broadcast was read by a woman announcer dressed in bright colors and an afternoon broadcast was read by another newscaster wearing somber tones. But a candidate member of the Politburo, Vladimir I. Dolgikh, left on an extended trip to Southeast Asia. His departure was seen as an indication that no sudden announcement was expected.

Speculation by diplomats had centered on Defense Minister Dmitri F. Ustinov, 76, who missed the Nov. 7 Red Square parade to mark the anniversary of the 1917 Russian Revolution. He has not been seen in public for six weeks.

Woman Sought in Brighton Bombing

LONDON (AP) — Scotland Yard said Saturday that it was seeking a 28-year-old Irish woman in connection with the Irish Republican Army's bombing of the Grand Hotel in Brighton last month. Prime Minister Margaret Thatcher and members of her cabinet narrowly escaped death in the attack.

A Scotland Yard spokesman, Martin Hahgood, said that the woman, Evelyn Glenholme, "is wanted by anti-terrorist branch officers" for questioning. He said a warrant for her arrest, issued in London, had been handed to Irish authorities.

The Sunday Times of London, quoting unidentified British government sources, said Miss Glenholme was a former Belfast resident who had been traced to a public housing complex in Dondalk, in the Irish republic near the border with Northern Ireland. The newspaper said she was "one of the IRA's top bombers" and may have been behind other attacks on the British mainland.

Aide Says Miners to Get Libyan Funds

LONDON (AP) — A fundraiser for the National Union of Mineworkers said in an interview that was to be broadcast Sunday that Britain's striking miners would receive aid from Libya, but the union issued a denial.

The fundraiser, Jack Dunn, asked whether money was coming from Libya, said: "Yes, but we don't know how or how much." Mr. Dunn, in the interview scheduled to be broadcast by Independent Television Network, said, "The cash would pay for food, clothes and shoes for miners' families and to organize the transport of pickets."

After the text of Mr. Dunn's interview was released Saturday, the union issued a statement saying it would stick by the Nov. 1 vote of its executive council not to receive aid from the Libyan government. The miners' president, Arthur Scargill, denied two weeks ago that the union would get money from Libya after it was disclosed that he had met with Libyan representatives in Paris and the union's chief executive Roger Windsor, had traveled to Libya.

Rifaat Assad Gets New Security Post

DAMASCUS (APF) — Vice President Rifaat al-Assad of Syria, who was reported to be in disgrace earlier this year, has been given responsibility for national security, according to a new presidential decree.

The decree, published Saturday, said that Colonel Assad, the brother of President Hafez al-Assad, had the duty of applying the security policies of the ruling Ba'ath Party and the state, as defined by the president.

Colonel Assad has been outside Syria since June 1, when he left on an official visit to the Soviet Union. Since then he has been dividing his time between Switzerland and France. In September, Defense Minister Mustafa Tlas was quoted by the West German news magazine Der Spiegel as saying that Mr. Assad was "persona non grata forever" in Syria.

U.S. Studies Moves Against Nicaragua

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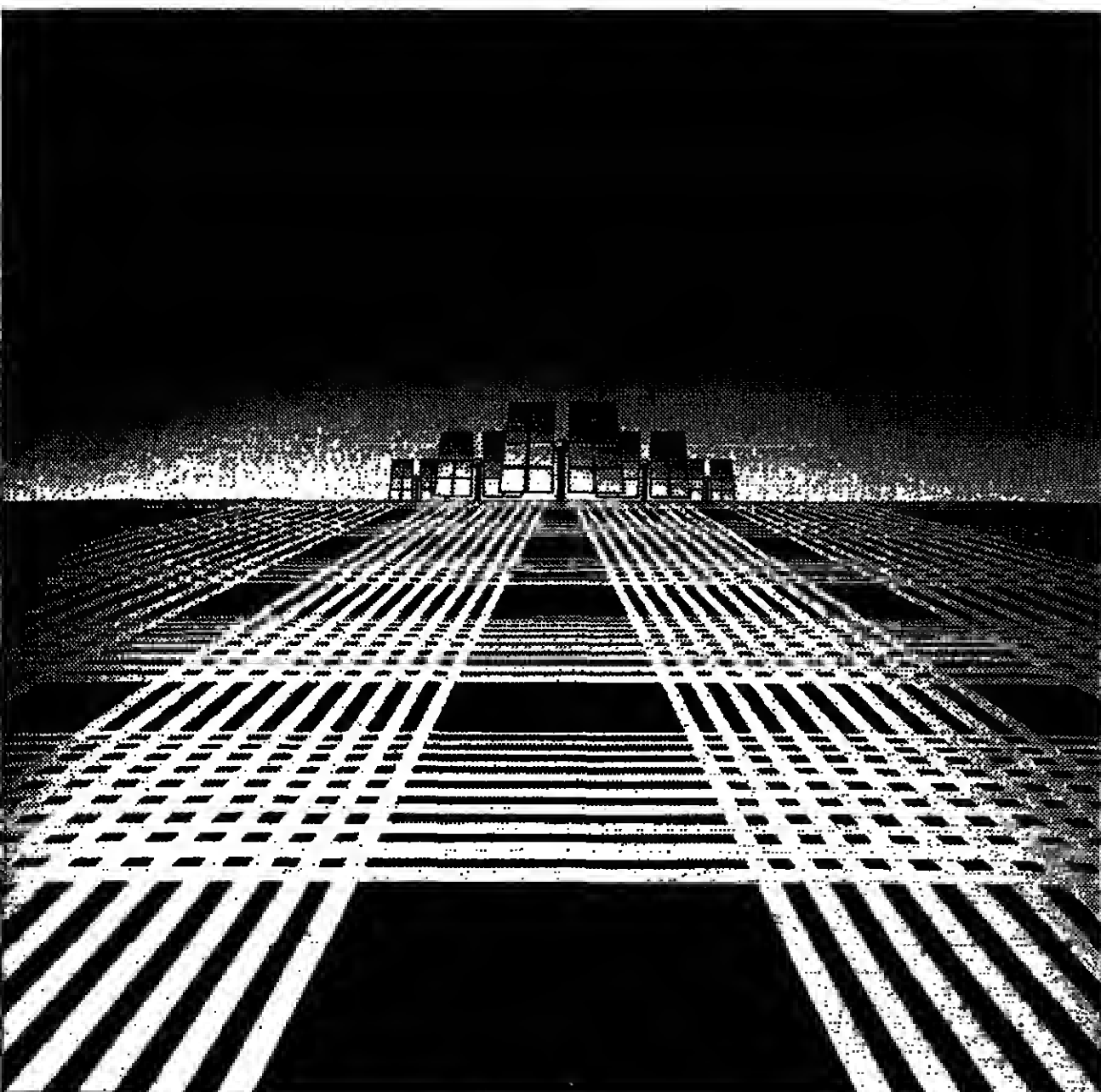
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Study Says U.S. Space Defense Plan Could Hurt Its NATO Contribution

BRUSSELS — President Ronald Reagan's program to seek a space-based defense against nuclear missiles would not protect civilians and could detract from the U.S. contribution to the North Atlantic Treaty Organization, according to a report published Sunday.

A member of Canada's Parliament, Michael Forrestall, submitted the study to the North Atlantic Assembly, an organization of members of the parliaments from 16 NATO nations. The assembly meets this week in Brussels.

"The initial aspiration voiced by President Reagan in his March 1983 speech of 'rendering nuclear weapons impotent and obsolete' and providing total protection of populations has been widely recognized as unrealistic if not impossible," he said.

Mr. Forrestall said the rationale given by senior U.S. officials for the \$26-billion research program was no longer to protect civilians but to hedge against Soviet advances in ballistic missile defense and to shield U.S. nuclear weapons against a first strike.

High levels of U.S. expenditure on such costly technology "will inevitably mean relatively less U.S. defense resources committed to NATO," the report said.

In a separate report to the assembly, a West German deputy, Karl-Heinz Voigt, said West European governments were unlikely to boost real spending on conventional defense in the next five years despite their desire to lessen NATO's reliance on nuclear defense.

Analyzing the long-range military budgets of the major European allies, Mr. Voigt said real spending increases in Britain, France and West Germany would be eaten up either by nuclear programs, operations outside of NATO or extra personnel costs.

His findings are likely to dismay members of the U.S. Congress who are pressing for Western Europe to carry more of the burden of conventional defense.

Mr. Voigt said that while there was broad support in the alliance for improving conventional forces, there was little consensus on how to accomplish this.

He noted that NATO commanders sought a 7-percent real annual increase in defense spending for 1985-90 and defense ministers had accepted a target goal of 3.2 percent. Mr. Voigt said many European states would find even 1.5 percent hard to fund.

Tass Denies NATO Shift
The Soviet press agency Tass Saturday denounced "new milita-

ry projects" by NATO and said plans adopted by NATO's defense council Friday would "accelerate the arms race and growing tension in Europe," Agency France-Presse reported from Moscow.

The NATO measures aim at providing the means to paralyze Warsaw Pact forces behind the front in the event of an attack.

NATO's modified conventional warfare strategy is being promoted by the supreme commander of allied forces in Europe, General Bernard W. Rogers of the United States.

French Nuclear Arms Study
The French government has allocated 550 million francs (\$60 million) to study ways of protecting its strategic nuclear force from space-based missile defense systems, Defense Minister Charles Hernu said Friday, according to a Reuters report from Paris.

Presenting a 1985 defense budget of 151.5 billion francs (\$16.6 billion), Mr. Hernu expressed concern about the effects of eventual space-based systems on world security and on the credibility of France's nuclear deterrent.



SOVIET DESERTERS GO HOME — Igor Rhykov, 22, left, and Oleg Khlan, 21, who deserted from the Soviet Army in Afghanistan in 1983, were seized by rebels and came to Britain in June, left Sunday for Leningrad after asking the Soviet Embassy to send them home. Lord Bethel, who brought the two to Britain, said Mr. Rhykov had gotten a letter recently from his mother. Lord Bethel accused Moscow of "moral blackmail."

Explaining the Reagan Victory — Soviet-Style

By Seth Mydans
New York Times Service

MOSCOW — Soviet commentators have been trying to explain how Ronald Reagan, the man they have been blaming for most of the world's ills, could be so overwhelmingly re-elected by his own people.

Their answers range from big money to a wave of jingoism to an upturn in the economy to the lack of challenge from the Democrats.

The analyses vary in sophistication, from a report in the government newspaper, *Izvestia*, that could almost have been written for an American newspaper, to a send-up in *Sovetskaya Rossiya*, the newspaper of the Soviet Union's dominant Russian republic, that ridiculed the whole exercise.

The *Izvestia* analysis, signed by Stanislav Kondrashov, a Washington correspondent, quoted unidentified sources as saying that Mr. Reagan rode a wave of good feeling founded on a "new patriotism" and

on a cyclical upswing in the economy.

"It is difficult to see how long this artificially fueled optimism will last," the *Izvestia* correspondent said. "One observer of the American scene with whom I have had the opportunity to meet predicts that Americans will soon have to descend to earth from the cloud of raised hopes, possibly without a parachute."

In foreign affairs, "much hinges on how Reagan will handle his victory," Mr. Kondrashov said.

"It is a fact of American history that Presidents who are picked for a second term begin to worry about their place in history," he continued. "This explains perhaps why Reagan on the day after the election renewed the theme of peace and the pursuit of an arms accord."

Recalling the Soviet attitude that the overtone would have to come from Washington and that Moscow stands ready to respond, Mr. Kondrashov said, "The only ques-

Solidarity Activists Form A New Group to Monitor Polish Abuses of Rights

WARSAW — A movement by intellectuals and former activists of Solidarity, the outlawed Polish trade union, to form groups to monitor human rights under Poland's Communist government has expanded with the formation of a Krakow group.

Plans for the groups were announced Oct. 31 to protest the killing of the Reverend Jerzy Popieluszko, an outspoken advocate of Solidarity. His body was found Oct. 30, 11 days after he was kidnapped.

In Krakow, a statement signed by 22 people also called for reforms in Poland's legal system.

"Let everyone do everything within his power so that Poland is no longer a place of political murders, beatings, abductions and persecutions for political reasons," said the statement, circulated to Western reporters in Warsaw on Saturday.

The government has charged a secret police captain and two lieutenants with Father Popieluszko's abduction and death. In addition, a general was suspended and two colonels were taken into custody from the Internal Affairs Ministry, the agency that supervises Poland's police.

A human rights monitoring group has been formed in the southwestern city of Wroclaw, and activists in Warsaw are considering forming a third group.

Several activists both in Solidarity and the disbanded workers' rights group KOR spoke in interviews in recent weeks on condition of anonymity. They said the death of Father Popieluszko has galvanized public opinion on the need to curb human rights abuses.

There are no plans to form a national human rights group although it is hoped that regional groups eventually will coordinate their activities, the activists said.

One former senior adviser to Solidarity said privately the government was on the defensive after Father Popieluszko's death. So far the only government response to plans for human rights groups is to criticize them in the news media.

Jerzy Urban, the government spokesman, has asserted that for-

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Medical Prize Assailed for Nazi Link

Award Named for Doctor Tied to Death Camp Atrocities

By Ralph Blumenthal
New York Times Service

NEW YORK — A controversy has erupted over an international prize for liver research because of a disclosure that the award was named for a Vienna physician who has been linked to experiments on prisoners in a Nazi concentration camp.

The \$5,000 Eppinger Prize, sponsored by the Falk Foundation of Freiburg, a West German medical foundation, has been given since 1973 in the name of Hans Eppinger, who was a leading liver, heart and stomach specialist in Germany and Vienna. His patients included Queen Marie of Romania, Stalin and Marshal Ivan S. Konev, the Soviet occupation commander in postwar Austria.

The disclosure has provoked dismay among scientists, including a former dean of the Mount Sinai School of Medicine in New York who presented the prize and knew of the Nazi medical experiments.

The disclosure was made by Dr. Howard M. Spiro, professor of internal medicine and gastroenterology at Yale University. He is protesting the existence of the award.

Dr. Eppinger poisoned himself in 1946 when he was summoned to the Nuremberg war crimes trials for questioning about experiments on prisoners at the Dachau concentration camp near Munich. Documents made public in the trials linked him to experiments on humans in efforts to make seawater potable for downed German fliers.

Dr. Herbert Falk, chairman of the foundation and of a pharmaceutical company specializing in liver and gall bladder preparations, said he was not aware of Dr. Eppinger's involvement in Nazi experiments when he established the award. He said he learned of it only last month and was awaiting documentation from the United States.

"If it's true, we will cancel the prize immediately," Dr. Falk said in a telephone interview from Freiburg.

However, Dr. Spiro of Yale questioned how Dr. Eppinger's involvement in the experiments could have escaped notice of the prize-givers, particularly since, Dr. Spiro said, he learned of it as a medical student in Boston at the time of Dr. Eppinger's suicide in 1946.

Dr. Spiro said he had learned of the Eppinger Prize last spring and, after researching the matter, prepared a critical editorial that is to be published in the December issue of the *Journal of Clinical Gastroenterology*. He also brought the case



Anna Fisher, a crew member of space shuttle *Discovery*, waiting for the launch of a Canadian communications satellite. A second satellite was deployed later. On Monday an attempt will be made to retrieve two errant satellites.

Western Europe's Ariane Poses Challenge to Shuttle

PARIS — Western Europe has stepped up its challenge for a share of the commercial space market by putting two communications satellites into orbit on the same day the U.S. space shuttle *Discovery* was engaged on a similar mission.

"Competition is extremely fierce," said Michel Vedrenne, a senior executive of Europe's Ariane consortium, "but with more successes like this we are confident we can compete with the United States in the commercial launching of satellites."

"Our present aim is to capture one-third of the world market by 1987," Mr. Vedrenne said after the launch of the group's Ariane 3 rocket from its base in French Guiana early Saturday.

Speculators watching a live relay at the French National Center for Space Studies in Evry, near Paris, cheered as the rocket launched the first of its two satellites, Spacenet-2, owned by the GTE Spacenet Corp. of McLean, Virginia.

The communications satellite, which was put into orbit 22,400 miles (36,000 kilometers) above the equator, is the second U.S. satellite to be commercially launched by an Ariane rocket.

Arianespace officials say they have six more firm orders for launchings of U.S. satellites through the end of 1987.

The second satellite is owned by the 11-nation European Space Agency, which developed the Ariane family of rockets, and will be leased to the Washington-based International Maritime Satellite Organization.

The \$45-million rocket was the second Ariane 3 to be launched. The model can carry 2.5 tons compared to the 1.8 tons hauled by Ariane 1.

Mr. Vedrenne said Arianespace hoped to make further inroads into the market with the launching, scheduled for 1986, of a still more powerful Ariane 4 model that will carry up to 4.2 tons.

Another Arianespace official said Ariane also stood to gain from continued apprehension over the future of the U.S. shuttle *Discovery*. One of the aims of the shuttle's current mission is the retrieval of two satellites that failed to achieve their correct orbits when they were ejected in February.

W. Germany Studies Move To Curb AIDS

United Press International

BONN — The West German Health Ministry says it is considering legislation calling for prison terms of up to three years for AIDS victims who know they have the disease and continue having sex.

The Ministry for Youth, Family and Health Affairs said Sunday in a report that it was proposing the ban on sexual activity as part of a legislative package aimed at eliminating AIDS, or acquired immune deficiency syndrome.

The statement came amid growing concern in West Germany over the spread of the disease, which breaks down the body's immunity to infection and is believed to be transmitted through sexual contact or through exposure to blood.

The condition, found mainly in homosexuals, intravenous drug users and hemophiliacs, is usually fatal.

Last week, specialists quoted by Der Spiegel, the weekly news magazine, predicted that 10,000 West Germans could die of AIDS in the next six years.

Official figures document about 100 AIDS cases in West Germany, a relatively small number compared to the United States, where the disease was first diagnosed three years ago.

More than 6,000 cases have been diagnosed in the United States and more than half the victims have died. The Centers for Disease Control in Atlanta says that as many as 300,000 people in the United States may have been exposed to the virus identified as causing AIDS and that 10 percent may develop the disease.

Virus experts in West Germany said in a statement: "There is no general danger now, but the disease must be taken more seriously than before."

The health ministry's proposal calls for prison terms of up to three years for sexual activities with others knowing that they have the disease. The ministry did not say how and a law could be enforced.

Other proposals call for a ban on blood donations by AIDS sufferers and compulsory weekly examinations for those suspected of having AIDS.

West German Workers Accept 3.2% Pay Raise

Agence France-Presse

BONN — About 2.7 million West German public service employees have accepted a 3.2-percent pay increase for 1985 instead pressing for shorter working hours. Similar demands had caused major strikes in the automobile and printing industries earlier this year.

Under an agreement Saturday between the public services transport workers union, OTV, employers represented by Inter Minister Friedrich Zimmermann employees will receive 0.7 percent more than the 2.5-percent raise visaged by institutes that monitor the economy.

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World Concern Over Ethiopian Famine Increases

International Response to Appeals for Food Aid Is Termed 'Very Good'

ADDIS ABABA, Ethiopia — International concern about Ethiopia's famine victims increased over the weekend while UN Secretary-General Javier Pérez de Cuellar continued his tour of the country.

Mr. Pérez de Cuellar, who said he hoped his five-day visit would focus world attention on Ethiopia's plight, was visibly moved while inspecting a feeding camp for 35,000 famine victims Friday in the northern town of Korem. The United Nations official arrived from New York on Thursday.

It is estimated that as many as six million Ethiopians are facing starvation as a result of several years of drought in the country.

James Ingram, executive director of the UN World Food Program, said in Rome on Friday that international response to appeals for food aid has been "very good indeed." But while 500,000 metric tons (550,000 short tons) of food for Ethiopia will have to be supplied through mid-1985, only 208,000 tons have been pledged so far, he said.

Paul Hartling, the UN High Commissioner for Refugees, appealed Friday for \$8.9 million and 14,700 metric tons of food to help feed refugees and returnees in the areas of Africa hurt by the drought.

U.S. Official Gives Report

Earlier, Philip M. Boffey of The New York Times reported from Washington.

Following a visit to Ethiopia, M. Peter McPherson, the administrator of the Agency for International Development, said Friday that he had "never seen anything like" the famine that is devastating northern Ethiopia.

"I've seen a lot of places around the world," Mr. McPherson said, first as a Peace Corps volunteer 20 years ago in a Peruvian slum built on top of a garbage dump and more recently as foreign aid administrator. "But I've never seen anything like this, just never seen anything like this."

"A lot of places in the world you see kids with big bellies," he added, which, he said, indicates a lack of protein in their diet.

"But you don't see many times, and I've never seen, hundreds of children who were like shrunken little old men with oo bellies, almost no flesh. I've never seen it."

Mr. McPherson's account echoed another report from Bafie, a small provincial town north of Addis Ababa, which was made public in Washington on Friday by the American Red Cross. "They were dropping dead in the streets of Bafie last Friday," said Getachew Araya, secretary-



M. Peter McPherson

'But I've never seen anything like this, just never seen anything like this.'

general of the Ethiopian Red Cross Society, who was there. "The corpses were just lying there. The survivors were too weak to bury them."

Mr. McPherson said that thousands of Ethiopians had died and it was clear that thousands more would die before adequate food reached them.

He estimated that Ethiopia needed a million tons of grain in the next 12 months to feed more than seven million people. He said only a third of that amount had been pledged, including 130,000 tons by the United States.

The most pressing problem, he said, is to eliminate logistical bottlenecks that now make it impossible to move more than 50,000 tons a month through ports and that impede distribution inland.

Mr. McPherson called on donor countries and Ethiopia to hold a conference soon to devise a speedy and reliable distribution system.

He said that "very little concrete" assistance had been provided by the



A child suffering from malnutrition in a camp in Sudan.

Soviet Union or other Eastern bloc countries despite the fact that Ethiopia's Marxist government is aligned with the Soviet Union.

In answer to questions, Mr. McPherson said he had no "concrete information" about charges that Ethiopia, facing rebellions in several areas of the country, had been distributing and denying food as a political weapon. He said Ethiopian relief officials had promised to distribute food based on need.

He said that "very substantial amounts" of food from donor countries was already going to contested areas where there is fighting, although it was "less clear" how much the Ethiopian government was sending there.

Mr. McPherson warned that the drought was a problem throughout Africa. He said that famine threatened at least six countries — Niger, Mali, Chad, western Sudan, Kenya and Mozambique — and that about 20 African countries were facing serious food difficulties.

W. Sahara Showdown Looms at OAU Summit

ADDIS ABABA, Ethiopia — The Organization of African Unity's annual summit conference, which is to begin here Monday, is developing into a bitter showdown on the three-year-old Western Sahara dispute.

Morocco has said it will leave the 21-year-old organization if Polisario Front guerrillas fighting Morocco for control of the Western Sahara attend the session.

The Polisario movement is determined to take part. "We will take part. We will be seated. Definitely," asserted Mouhamed Saïd, an envoy of the Polisario's Saharan Arab Democratic Republic.

The OAU has been deeply split between Morocco's supporters and backers of the Polisario Front since the Saharan Republic was admitted to the organization in a still-disputed administrative decision in February 1982.

As heads of state began to arrive for the summit, government officials held informal talks to find a compromise to prevent the session from breaking down, as happened in 1982.

The summit is to discuss Africa's stands on southern Africa, the Western Sahara, Chad, the Middle East and OAU finances. Member states are \$30 million in arrears.

But there are few signs that entrenched positions on the Western Sahara were softening, African diplomats said. The opposite appears to have occurred in recent weeks, they added.

Thomas Sankara, radical leader

of Bourkina Fasso, the West African state known until this year as Upper Volta, said on arrival Saturday that his country would leave the OAU if the Polisario movement did not take its seat, officials in his delegation said.

President Mobutu Sese Seko of Zaire, one of Morocco's staunchest supporters, said Saturday that Zaire would suspend its membership if the Polisario Front took part, the diplomats said.

Senegal and Egypt are suggesting that the Polisario Front withdraw from the summit if Morocco publicly states it will carry out an OAU peace plan for the Western Sahara within three months, the diplomats said.

This would commit Morocco to direct talks with its guerrilla foes on a cease-fire and a referendum in the territory before the next OAU ministerial meeting in Addis Ababa in February, they said.

The last OAU summit in Addis Ababa in June 1983 exhorting Morocco to carry out the plan by the end of last year, but Morocco has refused direct talks with the guerrillas, saying they are fighting a proxy war on behalf of Algeria.

Recognition for Insurgents

Foreign Minister Ibrahim Gambari of Nigeria said Sunday that his country had decided to recognize the Saharan Republic, Agence France-Press reported from Addis Ababa.

He said the participation of the Polisario delegation was "essential to the success of the summit, if not the survival of the OAU."

Arafat Plans PLO Meeting in Jordan Despite Syrian, Rebel Objections

New York Times Service

AMMAN, Jordan — El-Fatah, the largest faction within the Palestine Liberation Organization, has decided to override objections from PLO rivals and hold a much-delayed meeting of the Palestine National Council here later this month, a senior aide to Yasser Arafat, the PLO chairman, said.

The aide said Saturday that Amman had been chosen to end the inertia that he said allowed Syria to continue efforts to control and reshape the PLO. Syria, he said, had been "blocking the door" and trying "to prepare a new PLO."

"We had to stop waiting and letting the Syrians advance," said Khalid Wazir, who uses the code-name Abu Jihad and is the deputy commander of the PLO's forces. "They are trying to destroy the PLO politically and militarily."

[In Tunis, Mr. Arafat said the meeting would take place on Nov. 22, United Press International reported.]

[The Palestinian news agency Wafa said Mr. Arafat set the date for the meeting during a speech to PLO officials at the organization's headquarters in the Tunisian capital.]

Fatah quarreled with Damascus last year, when Syria supported Palestinian rebels opposed to Mr. Arafat's leadership. Syria later expelled Mr. Arafat and his followers from the country and from the Syrian-controlled areas of Lebanon, such as the Bekaa, Lebanon's eastern valley, where the rebellion against Mr. Arafat had begun.

The projected meeting in Amman is likely to divide the PLO even further, especially as it appears unlikely that many principal factions other than Fatah will be in attendance.

Four of the Syrian-backed factions — the Fatah rebels, the Popular Front for the Liberation of Palestine-General Command, the Popular Struggle Front, and Saïqa — have made it clear that they will

not attend a Palestine National Council unless Mr. Arafat resigns first.

Syria, which is angry with Jordan over Amman's resumption of diplomatic ties with Egypt, has reportedly warned the rebels that anyone attending a Palestine National Council session in the Jordanian capital will not be allowed to return to Damascus.

Four other factions — the Democratic Front for the Liberation of Palestine, the Popular Front for the Liberation of Palestine, the Palestine Liberation Front and the Palestinian Communist Party — had said they would attend a Palestine National Council meeting only if it were held in Algeria or South Yemen. However, Mr. Wazir indicated that months of negotiations with leaders of both countries had failed after Syria applied intense pressure on them not to be host to the meeting.

Mr. Wazir said that Fatah, therefore, had felt it had no choice but to



Yasser Arafat

call the meeting in Amman because "Syria refused to give an inch."

Fatah, he said, was still negotiating with at least two of the groups and hoped that some of their delegates based in countries other than Syria would attend. Two-thirds of the Palestine National Council's 384 delegates outside the Israeli-occupied West Bank are needed for a quorum.

Black Rioting Erupts Again in South Africa

Reuters

JOHANNESBURG — Rioting, looting and arson broke out again across South Africa during the weekend.

An 18-year-old black youth was killed Sunday after a black policeman opened fire on a mob attacking his home, a police spokesman said.

The violence, largely in response to South Africa's policies of racial discrimination, has resulted in the deaths of more than 150 people, mostly black and mostly because of police actions, since August.

Unrest erupted again Saturday in townships east and south of Johannesburg and in the Eastern Cape province and continued into the early hours of Sunday.

Around Grahamstown in Eastern Cape province, police repeatedly fired birdshot, rubber bullets and teargas in street battles with crowds of stone-throwing blacks.

In one incident about 200 blacks stormed the house of the black po-

liceman, who shot and fatally wounded the 18-year-old, police said.

Police also reported attacks on black local councillors, who are often singled out by protesters as agents of the white minority government.

The vice mayor of Kaitshong township near Johannesburg was shot dead Saturday night in a robbery at his shop, police said.

Two babies were injured by police birdshot and at least 21 men and women were arrested in various clashes Saturday.

Three people were killed in a taxi that collided with an army troop carrier in the Vosloorus township east of Johannesburg.

Officials declined to give further information on possible use of troops to quell unrest during the weekend, although the army has been used to support the police in recent weeks.

Black grievances include increased rents, higher taxes and allegations of inferior education.

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The Scare in Nicaragua

For a brief moment last week, it seemed at least conceivable that the crisis in Central America might be rising toward the global level. The possibility arose that the Russians were taking one of the few specific actions—shipping advanced fighter aircraft into Nicaragua—that the Reagan administration and many people who are otherwise its critics have made plain they would regard as an unacceptable threat to American interests. The possibility then arose that the United States would react to this by force.

The week ended with no evidence that MiG-21 fighters were in the particular cargo ship whose passage had aroused concern in Washington. No American military attack came. There was a great amount of smoke—from Managua, cries of alarm and of heightened distrust of a re-elected Ronald Reagan, and from Washington, some military feints and gestures on the Nicaraguan periphery. But there was no fire. The sequence amounted to another chapter in a continuing war of nerves.

It is possible that the Sandinistas, careful as they insist they are not to give Washington cause for direct intervention, may yet be led by inexperience, emotion or reckless calculation to raise the crisis to the great-power level. That leaves the more relevant question of whether the Russians, who are not inexperienced and who are not ordinarily emotional or reckless, would step over the threshold themselves—

and would step over it at a moment when Mr. Reagan's leadership had just been fortified and when otherwise he was testing the chances for diplomatic engagement on matters of major Soviet concern. It could happen, but it would be a great surprise.

Meanwhile, there is the real world, where the threat is not a possible quantum leap to MiG-21s but the steady buildup of less dramatic arms in Nicaragua over a period of time—arms of a sort that incontestably were in the cargo landed at the port of Corinto. Those arms give Managua a capability to deal better with what it maintains is a large American threat to Nicaraguan interests. They also give it a capability to put pressure on its neighbors, if not now while the Sandinistas may be preoccupied domestically, then later when the United States may not be so attentive.

There could be no clearer demonstration of the need for a political solution. The Sandinistas doubt the Reagan administration's ultimate readiness to accept coexistence even with a moderate regime in Managua. Many administration officials wonder whether the Sandinistas can relinquish their revolutionary ideology for a focus on building a society acceptable to different Nicaraguans at home. But the political path for accommodation—within Nicaragua, between Washington and Managua and in the region as a whole—remains open.

—THE WASHINGTON POST.

The Democrats' Problem

After so many balloons, so many primaries and so much political opinion, it is easy to forget that the first chance most Americans had to send a message this year did not come until last Tuesday. And they sent two.

First: They liked and trust Ronald Reagan—and the Democrats could not do anything about it. The president's 18-point margin over Walter Mondale in the popular vote was almost exactly the same as his lead in the polls last January. Is it possible that the whole long, arduous campaign was mere embroidery on the inevitable?

Second: Let the good times roll. Don't change a thing. Republicans and Democrats exchanged slight gains in the House and Senate: Republicans gained only one governorship. If that is a mandate for any philosophy, it is the one called Status Quo.

Once, Democrats were seen as the party to keep the country out of recession and the Republicans as the party to keep the country out of war. In a time of peace and prosperity, Ronald Reagan again has eaten the Democrats' lunch.

Remember what commentators said in 1980 when that happened the first time? That the old New Deal coalition was dead. That what Democrats and moderates such as the third-party candidate John Anderson desperately needed was "a new liberal agenda."

It is almost embarrassing to look back on that now. The old New Deal coalition, though 50 years old, remains very much alive. Look at the exit poll data on voter blocs and observe the very few among which Walter Mondale triumphed. He won the black vote, 90 percent to 9, the unemployed vote, 68-31, the Jewish vote, 66-32, the Hispanic vote, 65-33, that of big-city residents, 62-36, and the union vote,

—THE NEW YORK TIMES.

Deadlines on the Economy

The U.S. economy now seems likely to give President Reagan a grace period in early 1985 to establish policy for his second term. This will be the administration's opportunity to deal with all of the fundamental questions that, for the past 18 months, it has evaded in deference to the election. A variety of forecasts—of production and demand, of the financial markets, of currency exchange rates—indicate a fairly low risk of disruptive changes until some time toward the end of 1985. But after that, if present policy remains unchanged, the risk is expected to rise sharply.

The reason is that the American economy is badly out of balance. For the present, things are going along pleasantly enough. But there are clear signs of trouble ahead. There is the administration's gigantic budget deficit, with the U.S. government now spending five dollars for every four that it raises in taxes. Beyond that, there is the rapidly rising deficit in U.S. accounts with the rest of the world, as Americans buy three dollars' worth of imports for every two dollars' worth of exports that they can sell. That is related to the extraordinary overvaluation of the dollar abroad. The whole structure of present American prosperity is based on an unprecedented inflow of foreign investment, currently more than \$100 billion a year. That will not last forever.

—THE WASHINGTON POST.

FROM OUR NOV. 12 PAGES, 75 AND 50 YEARS AGO

1909: Suffragists Disrupt London Play
LONDON — The suffragists found a new outlet for their ire last night, when they spilt the enjoyment of many people during the second act of "The Mountbarns" at the Savoy Theatre. The reason for their appearance was the presence of Mr. Lloyd-George, who, with characteristic impartiality, had gone to listen to a song which puts the Budget in a lyrical nutshell. Suddenly, three women started shouting the name of Mr. Lloyd-George. A banner with "Votes for Women" on it was hung over the balcony. The audience rose to its feet and hissed and booed the interrupters, who were finally led away. Mr. Lloyd-George, in hilarious mood, waved to them as they went.

—THE NEW YORK TIMES.

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Some Small Steps Toward Stabler U.S.-Soviet Relations

By Dmitri K. Simes

WASHINGTON—Now that the presidential election is over, Americans can at last return to business and politics as usual. Among the pressing issues at hand, few things are more important than relations with the Soviet Union. What is more, for the first time since the Soviet invasion of Afghanistan in December 1979, there are tentative signs of improvement in U.S.-Soviet relations.

Washington and Moscow, each for reasons of its own, seem to be interested in a limited accommodation. Momentous obstacles remain, however, and an eagerness to do too much too fast could backfire.

Campaign considerations alone cannot explain the new American emphasis on dialogue with Moscow. White House insiders insist that Mr. Reagan believes that his large-scale military program, a renewed American geopolitical assertiveness and the

nation's new mood of self-confidence have created an advantageous environment for seeking arrangements with the Kremlin.

The secretary of state, George P. Shultz, and national security adviser, Robert C. McFarlane, are known to feel the same way. The meetings between Andrei A. Gromyko, the Soviet foreign minister, and President Reagan and Mr. Shultz went as well as could be expected in today's climate of superpower hostility.

Achieving even this success required a number of bureaucratic and policy decisions. For example, the report of the General Advisory Committee on Arms Control and Disarmament, which listed possible (and impossible) Soviet violations, was at first withheld and then played down. The administration, both publicly

and privately, made clear to the Russians that mutual restraints on testing of anti-satellite weapons would be considered if Moscow agreed to resume talks on strategic and intermediate-range offensive systems.

Recent Soviet public pronouncements and private comments strongly suggest that the Kremlin continues to distrust Mr. Reagan and that no relatively minor changes in American rhetoric, or even action, will change this attitude quickly. Yet, Moscow has signaled that it is relatively open to American overtures.

There appear to be four reasons for the cautious Soviet willingness to explore a diplomatic relationship with the United States. First, the Russians tried a posture of uncompromising belligerence for months and it backfired—deployments of American

missiles in Europe go on without much opposition.

Beyond that, the septuagenarians dominating the Politburo are uncomfortable with a highly volatile situation of unrestricted rivalry. Soviet leaders would prefer to block a renewed arms race that could cost the Soviet Union dearly and tilt the military balance in America's favor.

The Soviet leadership situation—while still uncertain—contributes to greater superpower interaction. Konstantin U. Chernenko is now firmly enough in charge to speak for the collective leadership, and the Soviet decision-making process seems to be functioning more smoothly. The Chernenko Politburo is hardly in a position to undertake a much-needed fundamental reassessment of Soviet foreign policy. But it seems capable of conducting routine business, including superpower diplomacy.

Finally, and most importantly, the Russians increasingly fear that (to use their terminology) the international correlation of forces is shifting against them. Their instinct is to hang tough but to give priority to protecting their own position rather than expanding geopolitically.

Nevertheless, neither side is ready for a second détente. During a period of domestic difficulties, the Soviet elite needs Mr. Reagan's America as an external enemy. In addition, the anticipation of yet another political succession in the Kremlin discourages ambitious politicians from experimenting with the bold approach needed to reach a major agreement with the United States. In Washington, the naysayers maintain great influence inside the administration. They will use Mr. Reagan's landslide victory as evidence of a popular mandate for an uncompromising stand against the "evil empire."

The Russians, by their rhetoric and deeds, traditionally help American critics of rapprochement. Even if Moscow is willing to bargain earnestly on arms control and other issues, it

will probably persist in actions most Americans find abhorrent. Mr. Shultz may prefer to avoid linking Soviet actions with negotiations, but will the administration be able to escape doing so amid public outrage over Kremlin misbehavior?

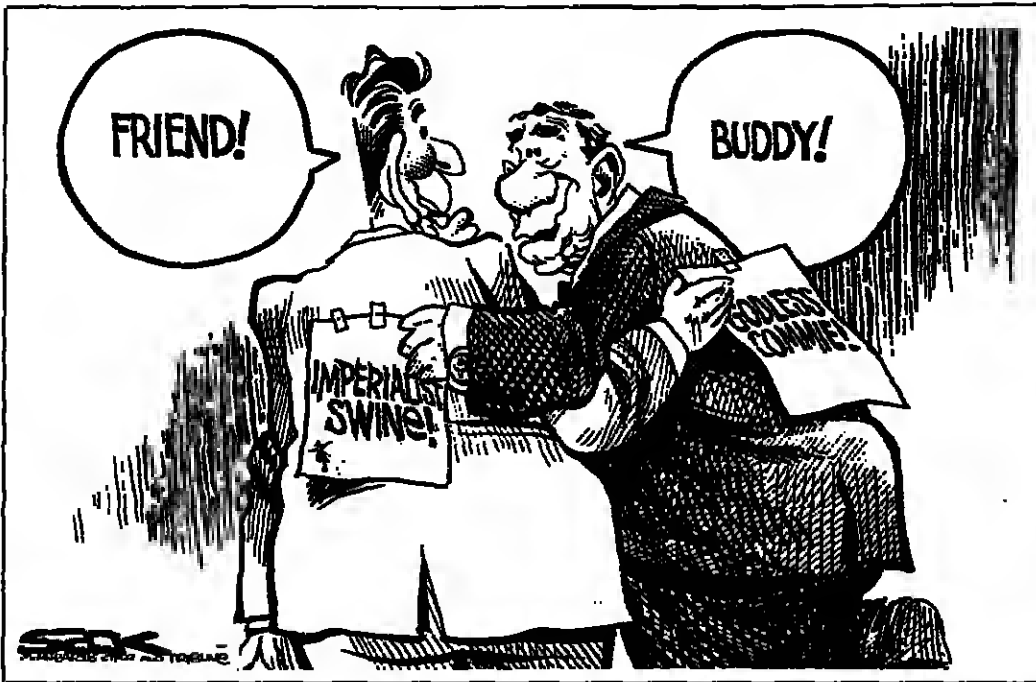
Thus, too ambitious a pursuit of a comprehensive settlement with the Soviet Union may be counterproductive. Fundamental differences cannot be resolved while the Soviet Union remains a totalitarian, global military empire. And even a more modest compromise may be beyond reach after so much hostility has been accumulated on both sides.

We should instead focus on small but realistic measures that would make sense in their own right—not as stepping stones to a grand compact—and that would be supported by the American public and would contribute to stability. Ratification of treaties on nuclear threshold testing and peaceful nuclear explosions, urged by Mr. Chernenko, are in both sides' interest and are not terribly controversial in either country. So is Mr. Reagan's suggestion (at Soviet urging) to pursue constraints on anti-satellite weapons and his idea of holding regular, cabinet- and sub-cabinet-level meetings between American and Soviet representatives.

These ideas, and particularly outside the administration, the Soviet elite needs Mr. Reagan's America as an external enemy. In addition, the anticipation of yet another political succession in the Kremlin discourages ambitious politicians from experimenting with the bold approach needed to reach a major agreement with the United States. In Washington, the naysayers maintain great influence inside the administration. They will use Mr. Reagan's landslide victory as evidence of a popular mandate for an uncompromising stand against the "evil empire."

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—THE NEW YORK TIMES.



A Different America, And Not a Better One

By Anthony Lewis

BOSTON—It is going to be a different country. The site of President Reagan's victory stunned even those who had anticipated it, but I wonder how many people understand what it may bring by way of lasting changes in American politics and law and social conditions.

We Americans are not used to ideological politics. Most Reagan voters were probably motivated less by ideology than by economics, liking for the man, patriotic feelings associated with him. But ideology is what we are going to get.

Jerry Falwell and Jesse Helms and the other forces of the extreme right are not shrinking violets. They are going to argue that they played a large part in mobilizing the soldiers of this victory, and they are going to demand their share of the spoils. Mr. Falwell was candid and confident on television election night, talking about the growing political role of religious conservatives and saying, "Come 1988 we'll be much stronger."

And Ronald Reagan is an ideological politician himself. He operates from a few strong, simple premises: that big government is bad, that Communism is behind all the trouble in the world, and so on. In his first term he did not fit the usual American pattern of presidents moving to the pragmatic center, and there is no reason to think he will in a second.

Moreover, even if Mr. Reagan wanted to challenge his far-right supporters on some big issue, he would be temperamentally unsuited to the task. For a president to do that—for Richard Nixon to push an arms agreement with the Soviet Union, for example—he has to engage himself in the bureaucratic and political warfare of policy-making. Can anyone imagine Ronald Reagan fighting his own anti-arms-control lieutenant on the details of a treaty, or fighting Jesse Helms to get it ratified?

No, we have lived for four years with the business of governing being carried on by shadowy figures behind a president who reigns but seldom rules. An older Reagan is not likely to become more involved.

What is likely is a more aggressive posture abroad, and at home a more radical move back to Social Darwinism: the enrichment of the economically fittest, the end of measures to uplift minorities. Most important, I think, there will be a further falling away from the country's commitment to civil liberties.

Congress will be a brake on the ambitions of the far right. For it is a remarkable aspect of this election that the Democrats held their own in Congress despite the Reagan landslide, limiting their losses in the House and gaining two Senate seats.

But at best Congress could be only a brake, not an initiator of policy. In the field of foreign affairs especially, the president has enormous power to act on his own. And that is the more true when an administration is prepared to act, as this one is, with utter contempt for the intention of Congress expressed in law.

Law is an area where an ideological administration can have a profound impact. We have already seen the lawyers in the Reagan administration doing such things as perverting the law in order to deprive hundreds of thousands of helpless disabled persons of their Social Security benefits. Why should we expect a sudden onset of conscience or restraint?

Judicial appointments are a presidency's lasting imprint. Justice William Rehnquist said in a recent speech, quite correctly, that many presidents had failed in efforts to pick like-minded Supreme Court justices. But Edwin Meese, the prospective attorney general, has said that this administration has learned from those past failures and will be certain

of its nominees' views. There is every reason to believe that.

Mr. Reagan's popularity is so great that probably no one could have beaten him. But it has to be said that Walter Mondale—kind, thoughtful, thoughtful—made it worse by the ineptitude of his campaign.

Lane Kirkland and other Democratic powers told us they could win if only they had an insider as a candidate instead of an outsider like Jimmy Carter. But you cannot win a campaign without ideas, without hopes: with the aim of patching together a New Deal coalition too small nowadays to win.

The consolation, for those of us who care about civil liberties and social justice and an end to the arms race, is to remember that there are cycles in politics. We elected Harding and Coolidge and Hoover, but we survived the empty greed of the 1920s. The only thing is that survival is trickier now.

The New York Times.

U.S. Is Trampling on Friendly Toes in Central America

By Alma Guillermoprieto

WASHINGTON—In attempting to isolate the Sandinista government, the Reagan administration may be falling into a familiar trap. As recent events have demonstrated, the administration has trouble appreciating sensitivities arising from the national interests of its Central American allies.

U.S. pressure on its closest friends and neighbors in Central America is going along with the policy of isolating Nicaragua has led to a series of diplomatic flaps and embarrassments for the administration. White House policy toward Nicaragua has cut across the goals of such allies as Mexico, Guatemala and Honduras.

Illustrating the point is a National Security Council paper prepared for an Oct. 30 meeting of the council at which President Reagan presided. The paper credits U.S. foreign policy with success in blocking efforts by Venezuela, Panama, Colombia and Mexico—the members of the Contadora group—to obtain early signing of a proposed regional peace treaty in Central America.

But the paper says problems remain in getting four countries—Guatemala, Honduras, Costa Rica and El Salvador—to agree on a position consistent with U.S. policy against Nicaragua, the fifth potential signatory. It is apparent from the document that these problems stem from the persistent U.S. failure to recognize the role that national interest plays even in the most pro-American, anti-Communist and economically dependent Latin countries.

Central America is made up of six tiny nations (Guatemala, the largest, has only 6.5 million people). So minute are their economies (Costa Rica's

gross national product is \$3.7 billion) and so excessive their foreign debt (Costa Rica's totals \$4.2 billion) that they rarely move without looking over their shoulder to see whether Uncle Sam is scowling or smiling.

When the United States flashes a red light on a regional initiative, the outcome is predictable. Thus, in September, when Central American countries appeared to have agreed on the draft of a Contadora peace treaty

high-ranking Honduran officers are known to have refused promotion because it involved serving in the despised military school that Mr. Suarez Cordoba allowed the Pentagon to open in Honduras for Salvadorans.

"First we train them, so they can come back and make war on us," said one such Honduran officer, "and then if the [Salvadoran] guerrillas should win, we will have bought ourselves a new enemy."

There has been a failure to recognize the role that national interest plays even in friendly nations.

that all parties would be willing to sign, the talks came to a screeching halt after the United States signaled its displeasure.

While the Mexicans fume over the scuttling of their months of patient bargaining to keep the Nicaraguans in the Contadora process (the NSC paper claimed credit for thwarting the Mexican effort), the document notes approvingly that some Contadora ministers "now concede that agreement [on the peace treaty] may not be reached for some months."

Mexico is not the only country affected negatively by the U.S. policy. In Honduras, rumors of coups and counter-coups are everywhere, as increasingly large sectors of the military, the established political parties and a group of powerful industrialists rebel against the perceived self-out of President Roberto Suarez Cordoba to the United States.

Honduras's traditional enemy is the Salvadoran Army, and several

Now the United States appears to be contributing to tensions between Guatemala and Honduras as well by ignoring Guatemala's historic role as the pre-eminent voice in the region and promoting Honduras instead.

The Guatemalan response has been to side increasingly with Mexico and Nicaragua, who want to sign a revised draft of the Contadora peace treaty, and not a proposed counter-draft sponsored by the United States. The administration has undermined Contadora's main claim to legitimacy: that it is a peace initiative sponsored by Latin Americans who have only the interests of other Latin Americans in mind. And the administration has placed itself across the fence from one of its closest and influential allies, Mexico.

Mexico, as one of the largest and wealthiest nations in the hemisphere, tends to pursue a foreign policy that has the interests of Mexico, and not the United States, in mind.

For Mexico, as for Panama, Nicaragua and the guerrillas of El Salvador and Guatemala against the rest of the area, with the United States using Honduras and Panama as staging areas, is intolerable. The only acceptable solution is to work out a treaty to guarantee peaceful coexistence.

The United States might disagree with these positions, but the wording of the National Security Council paper reveals how sharply battle lines have been drawn. "Mexican and Nicaraguan representatives have been highly active but so far unsuccessful in efforts to obtain international endorsement," for the original revised Contadora peace treaty, the document says. Mr. Shultz "was direct in expressing our displeasure at Mexican conduct" at the United Nations General Assembly, it adds.

These circumstances point to three unsettling conclusions: First, that any negotiations for peace in Central America that do not rely heavily on U.S. backing have virtually no hope of success. Second, that as long as the administration pursues a policy of isolating Nicaragua, diplomatic strategies designed to reincorporate Nicaragua into the Central American community cannot rely on genuine U.S. support.

The third point is that the administration will have difficulty implementing a workable regional strategy for its friends and allies in Latin America as long as it expects them to adopt the United States' national interests as their own.

The writer, a Washington Post reporter on leave, has reported from Central America.

slam-dunk speechwriter would represent the forces of fairness and moderation and beat a Reaganless right.

That mistaken consensus of liberal savants is what we of the happily flapping right wing are hoping for.

Since 1968, with an interruption only to pay the consequences of Watergate, most Americans have been moving away from welfare and interdependence toward individualism and nationalism. This march, has been easier by the aid of the liberals, who still think Mr. Reagan was because he has persuaded people to see him as Mr. Nice Guy. In fact, he wins because he has demonstrated himself to be Mr. Nice Tough Guy, representing the middle-class's long-buried sense of self-worth and newfound freedom from guilt.

To make more permanent the location of the New Center in the middle of what used to be the right, another few years of old-center pandering to leftist tirades will be helpful. Political and diplomatic hard-liners can make use of Jesse Jackson and the free-riders and the demands of the National Organization of Women, for at the end of their Rainbow Coalition is the conservatives' pot of gold.

How will Ronald Reagan capitalize on this victory? Not, I hope, by suddenly turning into what those who tried to defeat him want him to become. He should not merely accept tax increases in the guise of tax simplification, but should use the bipartisan appeal of the flat tax and the universal horror of the deficit to reduce the rate of growth of domestic spending. That is what he was elected for—to help the people win their race against government.

In dealing with the regular pallbearers of the Kremlin, the re-elected president cannot suddenly become the Great Dealmaker, doing for arms control what Richard Nixon did for the opening to China. By ignoring the clamor to negotiate with aimed, by changing the pace of his rhetoric, he can mount an offensive in the Strategic Arms Reduction Talks without giving away the parity he has struggled for. That, too, is what he was re-elected to do.

Mr. Reagan's first remarks after the voters spoke recalled "the prairie fire," he spoke of starting 20 years ago, "to capture the intensity of our devotion to freedom." He was right to reassure the deprived that "the recovery will not be complete until it's complete for everyone," because a philosophy that reveres opportunity has an obligation to spread it around.

But that prairie fire did not whip across the land because of any one man's charm, nor will it be snuffed out when Mr. Reagan rides off into the sunset. He succeeded in his first term because he understood that the majority wants government to protect Americans' freedom while leaving them alone; he will keep the flame burning by remaining true to that.

The New York Times.

LETTERS

Responding to Reston

Regarding "The Press and Other Losers" (Nov. 6) by James Reston: Mr. Reston concludes his brilliant and bitter column by saying that the American people will get the government they deserve. But how about the rest of mankind, whose very survival, like that of the American people, will depend on that old man in the White House, a man who by rights should now be entering his ninth year of retirement, enjoying his game of golf and perhaps even reading a good book or two?

CLAUDE W. PICARD.

Bern.

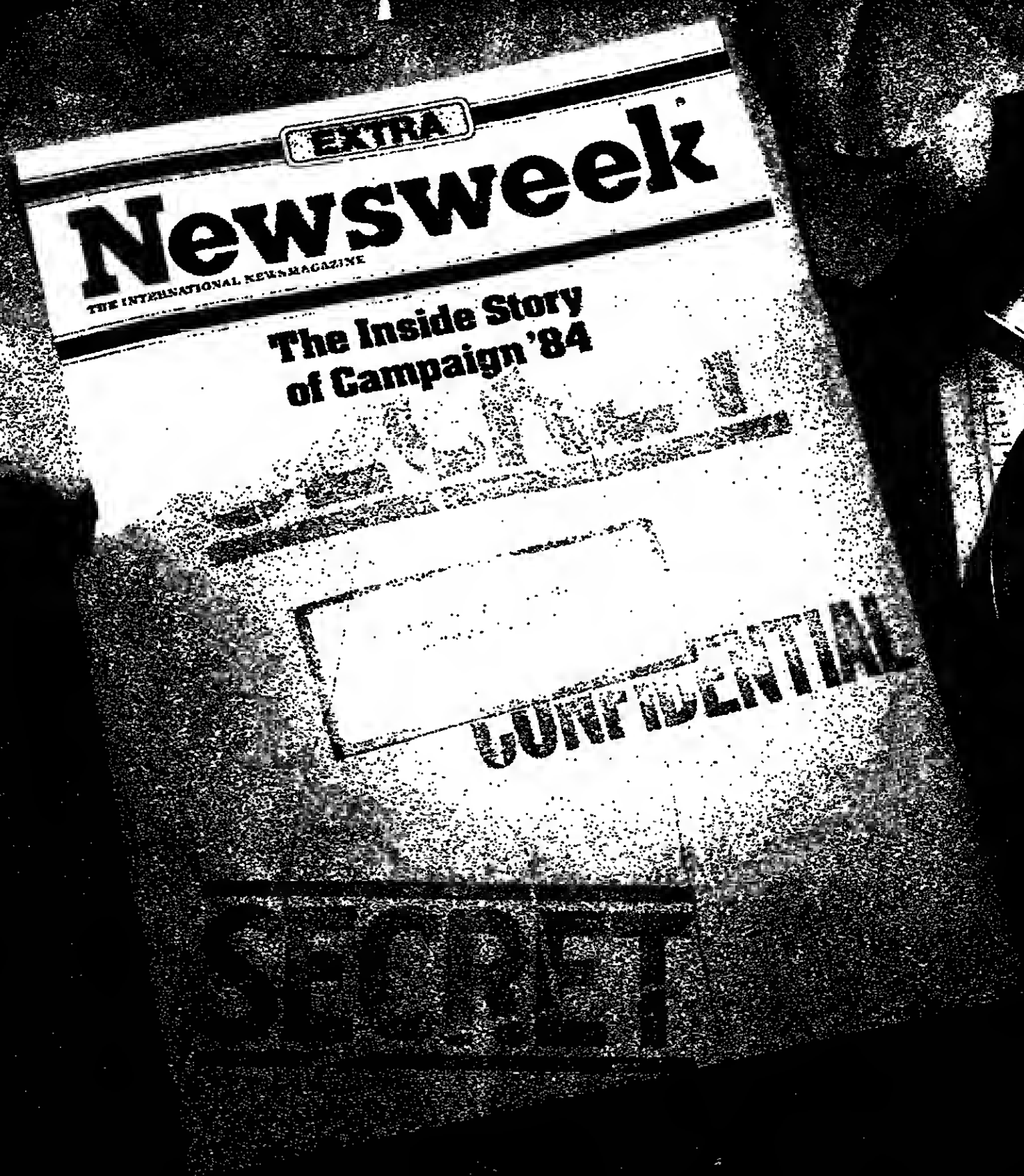
(Continued on Page 8.)

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982
KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR

One year ago, a group of reporters was given exclusive access to the secret memorandums, the backroom bargaining, the hidden actions of the candidates' campaigns. In return, they were sworn to secrecy until the election was over.

Well...the election's over.



The Inside Story of U.S. Campaign '84.

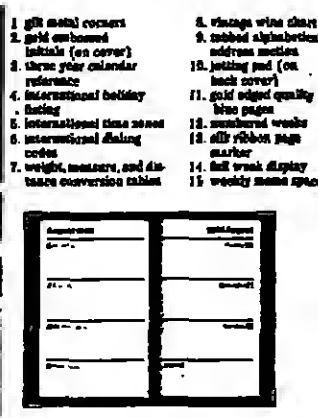
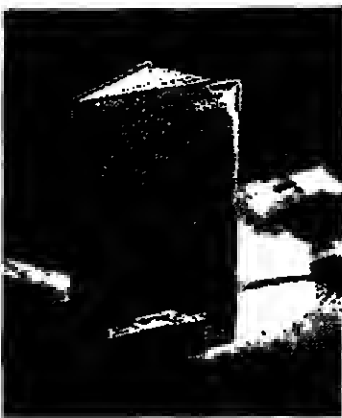
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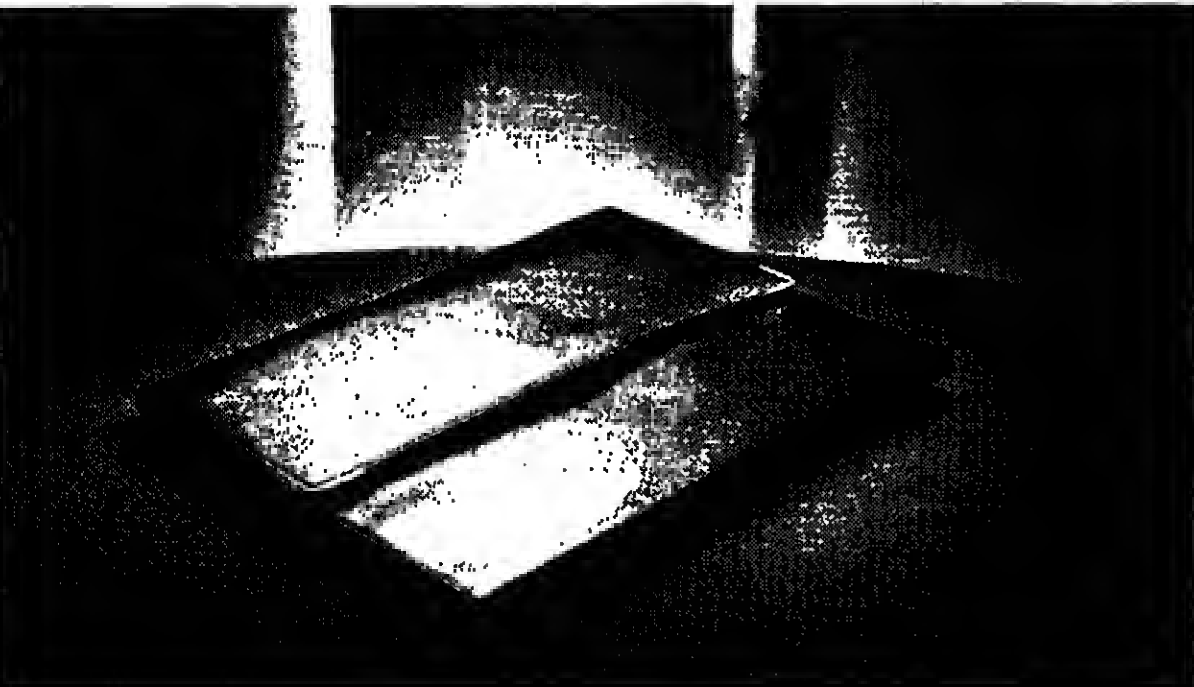
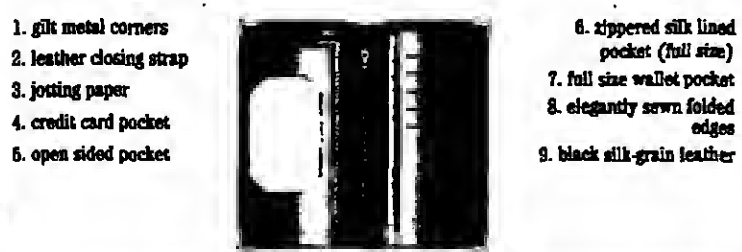
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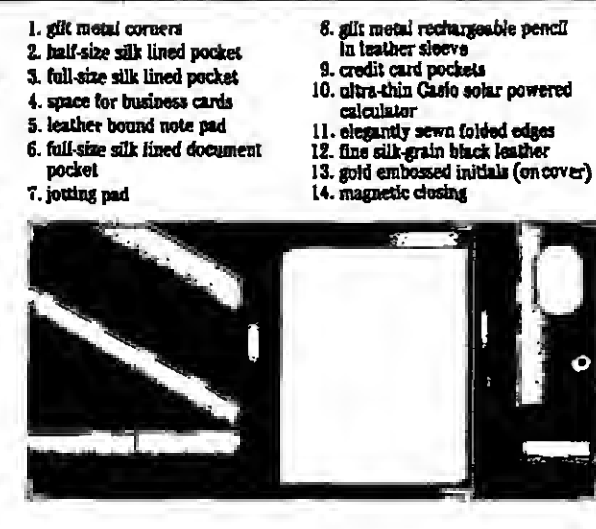
The Complete Pocket Diary. Rapidly becoming the standard among international travelers, this elegant leather bound Herald Tribune Diary contains pages of useful information. Conversion tables of weights, measures, and distances, lists of national holidays by country, international dialing codes as well as a vintage wine chart. The clearly designed weekly calendar pages plus the tabbed address section make this diary a necessity. Adding to its convenience is a back cover jotting pad. Personalized with gold embossed initials and finished with gilt metal corners, its 8 x 13 cm format (3 x 5 1/4 in) fits easily into any pocket. This exclusive International Herald Tribune Diary is certain to provide a year's worth of organization in style.



The Ideal Travel Wallet. Beautifully crafted in fine silk-grain black leather, the exclusive Herald Tribune Travel Wallet easily accommodates all of the necessary elements for the voyaging executive. A handsome 11 x 20 cm when closed (4 1/4 x 8 in), personalized with embossed initials in gold, gilt metal corners and a leather closing strap, it's the perfect gift for an associate, friend or yourself. Open, its 20 x 20 cm design (8 x 8 in) will organize a collection of credit cards, documents, and passport. Included are two "full size," silk-lined pockets, one with a zipper closing, for tickets and currencies of any dimension. This stylish wallet is designed exclusively for the Herald Tribune with the international traveler in mind.



The Perfect Executive Folder. Designed exclusively for the International Herald Tribune by Leathersmith of London, this superb dossier is the perfect organizer for the executive. Personalized with gold embossed initials and with gilt metal corners, each folder is fashioned in fine silk-grain black leather and features a magnetic closing. Distinctive in appearance, its exterior dimension of 26 x 33 cm (10 x 13 in) opens to an impressive 66 x 33 cm interior (26 x 13 in), fully lined in blue silk and complete with an ultra-thin Casio solar powered calculator. A variety of pockets allows the easy arrangement of documents such as letters, airline tickets, credit cards, business cards and notes. A centrally positioned writing pad of high quality paper is bound in matching black leather and complemented by a rechargeable gilt metal pencil, stored in a sleek leather holder. The ideal practical gift for the businessman or woman, created exclusively for the International Herald Tribune by Leathersmith of London, renowned for elegant styling and craftsmanship since 1839.



Prime Minister Rajiv Gandhi, seated, offered prayers before an urn containing the ashes of his assassinated mother, Indira Gandhi, at an air base near New Delhi on Sunday shortly before scattering them over the Himalayas from a plane.

Gandhi Rival Says He Will Continue Opposition

By Pranay Gupta
New York Times Service

HYDERABAD, India — The chief minister of Andhra Pradesh State has said that, while he mourns the passing of his principal political enemy, Prime Minister Indira Gandhi, his opposition to her Congress (I) Party will continue. The chief minister, N.T. Rama Rao, who was removed from office in mid-August and reinstated a month later in maneuvering attributed to Mrs. Gandhi's government, said last week that he was worried about the kind of leadership that

her son and successor, Rajiv Gandhi, would provide.

"At least with her we knew where things stood politically, what the political score was," Mr. Rama Rao said. "We knew her methods, but now it's once more a new game. In our Indian tradition we do not speak ill of the soul that has passed away; we take into account only that soul's goodness. But we do wonder now to what extent there will be change under her successor."

He continued: "But my policies will remain the same, my opposi-

tion to the Gandhi Congress Party will continue."

Although Mrs. Gandhi denied that she ordered Mr. Rama Rao's removal by the governor of Andhra Pradesh, whom she had nominated, the general view in India was that her Congress Party had moved clumsily to usurp a democratically elected opposition government and replace it with one more sympathetic to Mrs. Gandhi.

Mr. Rama Rao is leading a movement of politicians and intellectuals who contend that encouraging ethnic regionalism, far from fragmenting this country of 750 million, could help India become the genuine federated union that the architects of the Indian constitution had in mind when India gained independence from Britain more than three decades ago.

Mr. Rama Rao, 66, heads the Telugu Desam Party in this largely agricultural state of 60 million people.

He said that with the death of Mrs. Gandhi there was a better chance that India's states could more successfully assert their regional, ethnic and linguistic identities.

"The states must be given full autonomy," he said.

He rejected the argument that promoting regionalism in a multi-racial, multilingual country such as India could harm national unity.

"If you let the limbs of a body get strong," Mr. Rama Rao said, "then the whole body automatically gets strong. I say, let the limbs get strong. You will have a healthier India as a result."

■ Ashes Are Scattered

Rajiv Gandhi scattered the ashes of his mother over the Himalayas on Sunday, Reuters reported from New Delhi.

He dropped 15 baskets and three copper urns containing Mrs. Gandhi's remains from a transport aircraft in the final ceremony of 12 days of official mourning.

■ Canadian Is Held

United Press International reported from Amritsar that Punjab security forces had arrested a Canadian reporter on charges of visiting the Sikh holy city of Amritsar without required travel documents.

Jonathan Mann, who reports for the Canadian Broadcasting Corp., the Toronto Globe and Mail and the U.S. television network NBC, was arrested Saturday, near the Golden Temple, police said.

Thai General Presses Prime Minister

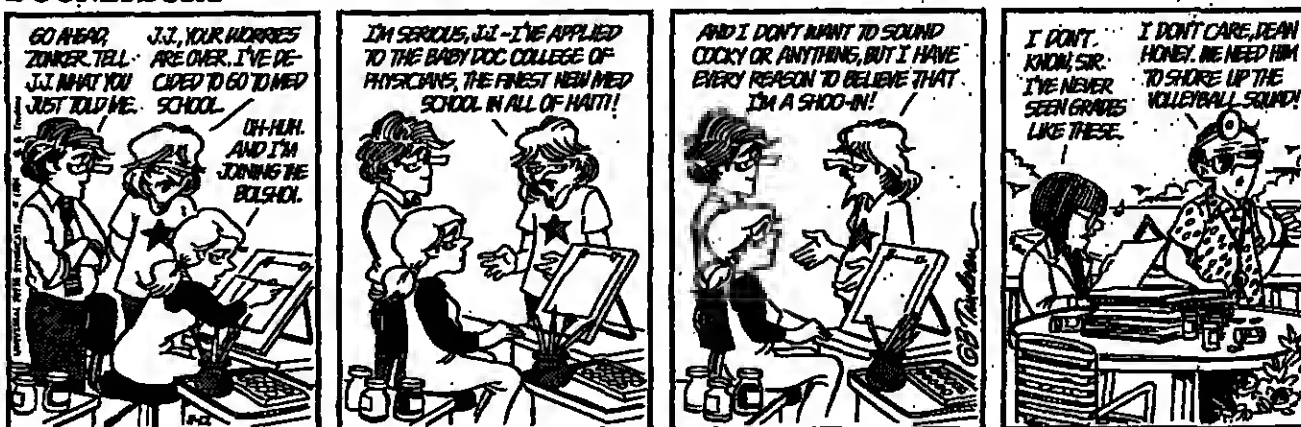
Agence France-Press

BANGKOK — The supreme commander of Thailand's armed forces, General Arthit Kamlang-Ek, has indicated he still wants Prime Minister Prem Tinsulanonda to reshuffle his cabinet and cancel a currency devaluation opposed by the military.

"We soldiers do not change our minds easily," General Arthit said Saturday. It was his first public comment since going on television Wednesday to attack the 14.8-percent devaluation against the U.S. dollar and to demand a cabinet reshuffle.

In the meantime, Mr. Prem defended the devaluation, which was intended to spur exports. But he made an attempt at compromise by having Finance Minister Somchai Hoontrakul announce readjustments in the national budget to compensate for resulting losses to "national security and defense projects."

DOONESBURY



LETTERS TO THE EDITOR

(Continued from Page 6)

More on Ethiopian Jews

Simcha Jacobovici charged in a scathing column ("Ethiopian Jews Are Dying: Why Doesn't Israel Help," Sept. 18) that Israel and the world Jewish community are watching in silence while Ethiopian Jews die. In a response (Letters, Oct. 5), Bennett Yanowitz does not answer a single charge leveled by Mr. Jacobovici. Instead, Mr. Yanowitz, a former chairman of the National Jewish Community Relations Advisory Council, claims that Mr. Jacobovici "rips at himself" because of the Holocaust. Well, Mr. Yanowitz, should we not all be ripping ourselves apart if what Mr. Jacobovici says is true? Although I agree with Mr. Yanowitz that Israel must be commended for the numbers of Ethiopian Jews it has saved, the point,

rather, is how many could have been saved and were not. Mr. Jacobovici charges that in June an Israeli official turned down an offer from an Ethiopian envoy to discuss the evacuation of Jews. Mr. Yanowitz ignores this shocking revelation, and others.

Mr. Yanowitz concludes by stating that "we should strive to enlist aid for the starving." Yet Mr. Jacobovici specifically states that while 1,300 Jews died out of a refugee population of 12,300, "all major Jewish organizations... chose not to provide financial, medical or food aid" to the Jewish refugees.

BARRY WEINRUB,
President, Canadian
Association for Ethiopian Jews,
Toronto.

Violence in India

The recent outbreak of anti-Sikh riots in India is disturbingly remi-

niscant of the violent *Kristallnacht* that took place in Germany 46 years ago this month. Then, it was the assassination of a minor German diplomat, Ernst von Rath, by a Jewish teen-ager (whose parents had been expelled from Germany) that served as the pretext for wild mob violence directed against Jews throughout Germany.

To be sure, there is a basic difference between the ethnic strife in India today and the officially supported racial hatred of Nazi Germany. The new Indian prime minister, Rajiv Gandhi, has indeed spoken out against the violence and appealed for calm. Nevertheless, the atrocities committed against the Sikh community, frightening in their brutality, will never "average" the death of Indira Gandhi, they will merely bring shame upon the Hindu nation.

MARK KRAMER,
Oxford, England.

them, and radical Hindus — who never forgave her out-of-caste marriage and her lack of religious zeal — could hardly have felt any spontaneous urge to be her avengers.

There have been other instances of Sikh killings by Hindu fanatics; in each case, the vast majority of the members of both communities disapproved. But this seems to be a vendetta dressed up as that of the entire Hindu community against the Sikhs. If the veritable authors of these riots are not sought out and disarmed, there is no knowing what may happen.

JASMER SINGH,
Boulogne, France.

More than Memorials

Regarding "El Alamein: Survivors Gather at Lonely Site of '42 Desert Battle" (Oct. 27):

One wonders if presenting war with the face of heroic monuments, manicured cemeteries, clean-shaven field marshals and stories of self-effacing Italian counts does not have an encouraging effect. Society seems to approve of war this way. Is there not a way for the responsible press to be blunt and crude and to make people see the waste and ugliness of rotting corpses rather than the polished marble of memorials?

B.J. PENNING,
Tokyo.

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In Currency Options, Only the Nimble Survive

A few adventurous investors are testing their skills in this fast-moving market

By Barbara Rosen

MARTIN Hutchinson, an investment banker in London, is always looking for "add markets" and "special investments" for his personal portfolio of about \$33,000. This strategy has already led him into Spanish stocks and lately he has been looking into South Korean markets. Most recently, he put about 15 percent of his portfolio in currency options.

As brokers love to say, options offer the investors' ideal: unlimited potential profit with quantifiable risk. As with any option, investors in currency options buy the right, but not the obligation, to buy (call) or sell (put) specified amounts of a foreign currency at a specified price (called the striking price) within a set time period. A call is a bet that the currency will rise; a put is a bet that it will fall.

If you predict the currency's movement correctly, your potential profit could be huge. If you are wrong, the option, at worst, simply expires worthless and you lose the premium — the price you paid to purchase the option — and, of course, the broker's commissions.

Mr. Hutchinson, who says he doesn't like to have more than 20 percent of his portfolio tied up in any kind of options, began buying currency options about a month ago. "When I decided that the U.S. dollar was far too high," he says. Since then, he has invested about

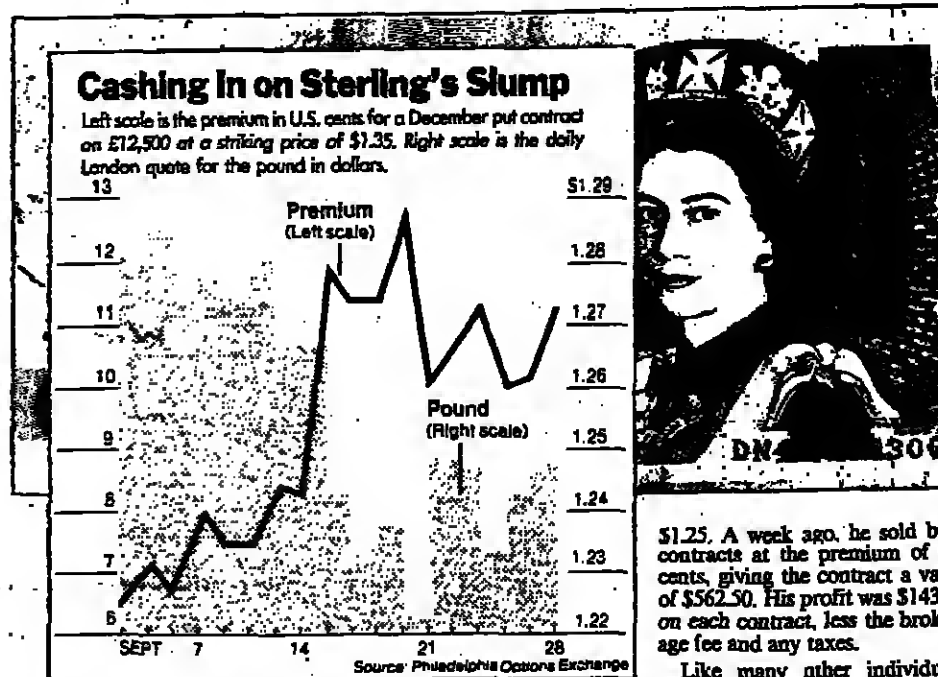
\$5,000 in 11 call contracts giving him the right to buy Deutsche marks, British pounds, and Japanese yen.

The underlying concept of options has yet to become popular among individuals outside the United States. The Philadelphia Stock Exchange, the biggest organized market for trading currency options, estimates that individuals account for about 15 percent of the trading, and less than half of those are outside the United States, mostly in Europe and the Middle East.

Options contracts on the pound, yen, Deutsche mark, Swiss franc and Canadian dollar, all matched against the U.S. dollar, are traded on the Philadelphia Exchange.

In addition, the European Options Exchange in Amsterdam offers trading in dollar-guilder, dollar-pound and dollar-mark contracts, linked with exchanges in Montreal, Sydney and Vancouver, British Columbia. Options on currency futures are traded on the Chicago Mercantile Exchange, something the London International Financial Futures Exchange is also said to be considering.

Most of the currency options business done in London is institutional, but several brokers offer individuals trading in exchange-traded options. One or two, like Rudolf Wolff Financial Services Ltd., also offer morning trading in



options standardized to the Philadelphia exchange, before the U.S. market opens.

More sophisticated investors may try various options strategies such as straddling or spreading and may decide to try writing, or offering, options themselves. But for the most part, brokers say, individuals in currency options have so far stuck with the basics of puts and calls.

The typical individual options player is a speculator, brokers say, though the more sophisticated investor may be trying to hedge a portfolio. Other hedgers often include people whose income is in foreign currency who buy options in try to lock in a particular exchange rate for their anticipated checks.

"I'm not hedging my position," says Mr. Hutchinson. "I suppose I'm a speculator, although I'm not quite sure I like that word."

LIKE MOST individuals playing the market, Mr. Hutchinson says he probably would not exercise his currency options, but instead will sell them at the right time to take his profit or limit his losses. The price he will get, like the price he paid, is determined by two factors: the option's "intrinsic value," or the extent to which it would currently be profitable to exercise, and its "time value," how much buyers are willing to pay above any intrinsic value in the hope that the option will become more valuable before it expires.

Quoted currency options are traded on the six- and nine-month cycles. When an option is introduced into the market, a contract is usually offered with a striking price at the currency's current spot rate, along with two other contracts, one each above and below spot at specified intervals. As spot prices fluctuate, additional options may be offered with the same expiration date but with different striking prices.

Mr. Hutchinson believes in sticking to options of longer maturity. "If you're right, you've got to give yourself time to be right," he says. He also has tended to buy currency options that are somewhat, but not vastly, "out of the money" — in other words, contracts that, at the purchase time, show an intrinsic value. When buying out-of-the-money, the striking price of a call option is above the current spot rate for the underlying currency, while that for a put is below the spot rate.

Your tolerance for risk and your currency outlook should help determine whether to buy out-of-the-money, at-the-money (where the option's striking price is the same as, or very near, the spot rate) or in-the-money (where the striking price is below spot for calls and above the spot for puts).

Buying out-of-the-money, brokers explain, is for the investors who anticipate sharp moves in the currency in question. Premiums are lower on out-of-the-money options, and get higher as you move toward in-the-money.

Thus, the buyer of an out-of-the-money option is risking the least amount overall. But, the odds are that the out-of-the-money investor is likely to lose his entire premium. Such an option, however, also offers the highest possible rate of return.

Among the contracts bought over past month or by Mr. Hutchinson were two call contracts on the yen. Both contracts expire in December and have a striking price of 242 yen. He paid a premium of \$362.50 for each contract. The standard contract in this case is for 6,250,000 yen.

Each currency contract is quoted differently. Premiums on yen contracts are quoted in hundredths of a U.S. cent per yen. Thus, Mr. Hutchinson paid



\$1.25. A week ago, he sold both contracts at the premium of 4.5 cents, giving the contract a value of \$362.50. His profit was \$143.75 on each contract, less the brokerage fee and any taxes.

Like many other individuals playing this market, Mr. Hutchinson was familiar with currency markets before he began buying options. "It's just part of my job,"

Being a banker, Mr. Hutchinson has access to the kind of electronic gadgetry that can provide him with the latest market information. Such communication can be crucial to the success of a currency-options player, says Victor Levy, a chartered accountant in London. He found out the hard way.

"I probably wouldn't go near [currency options] again," says Mr. Levy. Mr. Levy is a tax specialist who has done work for the Philadelphia and Chicago Mercantile exchanges. When currency options caught his eye, he and two friends decided to do some speculating.

They bought out-of-the-money Deutsche mark calls twice. The first group they sold to limit their losses, the second lot expired worthless. They each lost about \$1,000 on those trades, Mr. Levy says. Two of them later made back about \$400 each on some out-of-the-money sterling puts that they bought and sold in September. But, Mr. Levy says, they have since shifted to stock options, where they are having better luck.

Along with stressing the importance of keeping in touch with market trends, Mr. Levy's advice to would-be investors in currency options is: "If you see a profit, take it."

In addition, he warns, "Don't try to lead a market. Follow it like a sheep if you're a small man. You can't play the market that the big boys play." Lastly, he says, "make sure you get cheap commissions."

BROKERS' commissions on currency options trades are negotiated, not fixed, and can range from \$10 a transaction to more than \$100. And if the broker you use is not a member of the exchange on which you wish to trade, you may get charged twice, because the broker will have to connect with a member broker.

In addition, some brokers require minimum amounts for trading.

Finally, check with an accountant to see what tax rules would apply to any currency-options earnings. In Britain, for example, it is unclear whether such earnings would be subjected to a capital-gains tax, in which case the first £5,600 would be tax exempt, or whether they would be regarded as investment income. In the latter case, tax rates can be as high as 60 percent.

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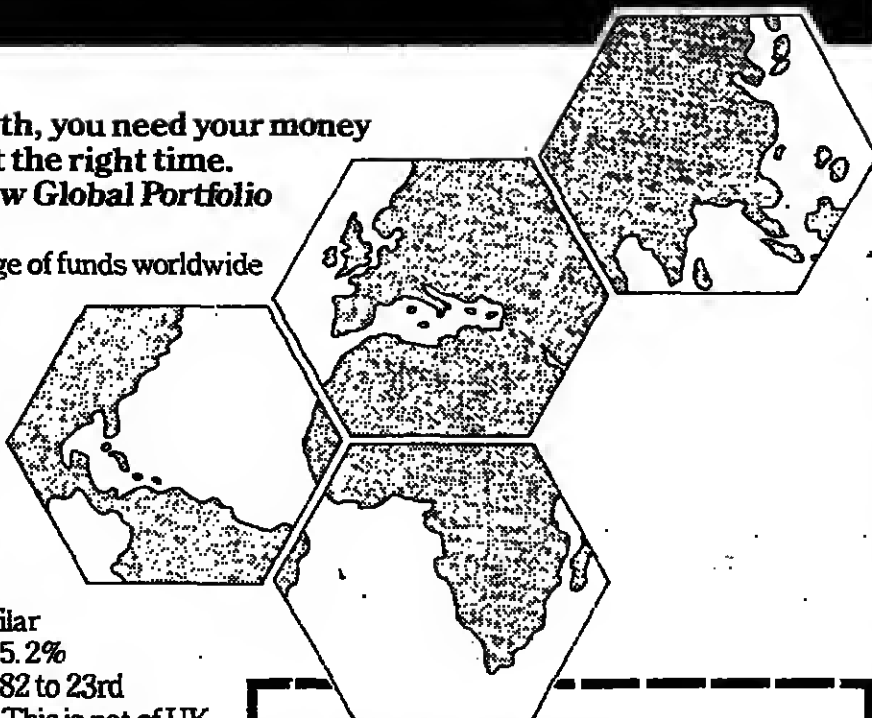
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During the despair of the 1981 market, Business Week published a featured article entitled "The Death of Equities". Their gloom was shared by the majority of economic writers; in one poll, 80% of analysts predicted that the DJI would drop under 700. C.G.R. demurred, stating, when the "Average" was around 795, that the "DOW WILL TOUCH 1,000 BEFORE HITTING 750".

Joseph Granville, Henry Kaufman and others sorcerers of prediction were at variance with our optimism. Time sustained our prophecy which we updated months ago, forecasting a target of 2,000 by year-end 1986, a rampage that will also escalate secondary and "emerging" equities. We may be unorthodox in debunking the pessimist, but unorthodoxy has "biblical" support.

"What is man?" asked the Psalmist, and replied: "A little lower than angels, crowned with glory and honor". Evangelists of fear will be converted, as Business Week was transformed, when they reversed course, printing an article after the market rocketed called "The Rebirth of Equities".

The professional pessimists will be castigated as "damned villains", oblivious to rainbows and rewards, reading the faded "Death of Equities" as something they wished never happened, "written by a man who wasn't there".

Since late 1981, approximately 90% of equities recommended by C.G.R. have advanced; 92% of shares suggested as "classic" shorts buckled, among them APPLE, COLECO, COMMODORE and TANDY.

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NEW GLOBAL PORTFOLIO FUND

FUNDS

'Recovery' Funds: Profiting From Corporate Turnarounds

These unit trusts often score big by taking risks. But timing is important.

By Lynne Curry

BUYING shares in companies that have been on the brink of collapse may not be everyone's idea of a smart investment. But the assumption that there is nowhere for these companies to go but up is all the incentive some investors need.

This optimistic view probably best explains the popularity of Britain's "recovery funds," which specialize in investing in troubled stocks that appear to have gained a new life.

These unit trusts — the equivalent of mutual funds in the United States — premiered in London 15 years ago. The concept of getting in at the bottom and riding a stock to the top has proved so popular that there are now 18 recovery funds offered by British institutions. And the search for troubled prospects has taken on a decidedly international flavor.

Although most funds concentrate on the stock of 50 to 100 British companies, a few international funds also include American stocks and a smattering of shares from the Far East. Despite their diverse origins, these companies have one characteristic in common: All have been dragged down by a major corporate setback, sometimes approaching bankruptcy, but are hoping for a brighter future.

A recovery fund is aimed primarily at the sophisticated investor who does not mind betting on a long shot. They are far more unpredictable than the average unit trust. Even fund managers advise investors to limit exposure to 10 percent of their portfolio. The buyer of recovery funds "should want in for a bit of spice if you like," said Kirsty MacMaster, fund manager of Allied Recovery.

Moreover, it is not the kind of investment for people who seek dividend income. Because it may take time for many of these companies to get back on their feet, a recovery fund aims for capital appreciation. "Recovery funds are always more volatile and speculative, but the potential for increase is higher," said Christopher Clarke, fund manager of Henderson Recovery. "They offer an above-average risk for an above-average reward."

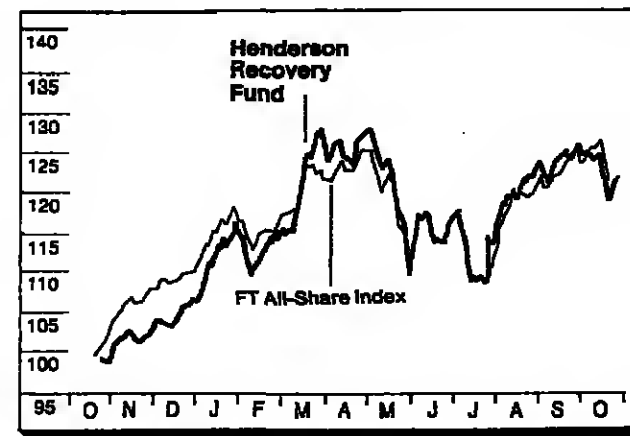
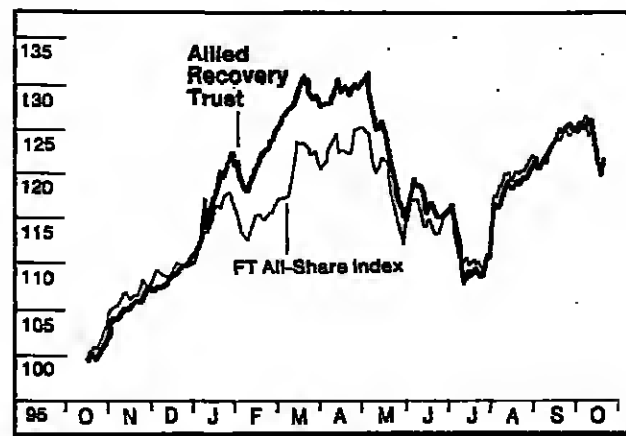
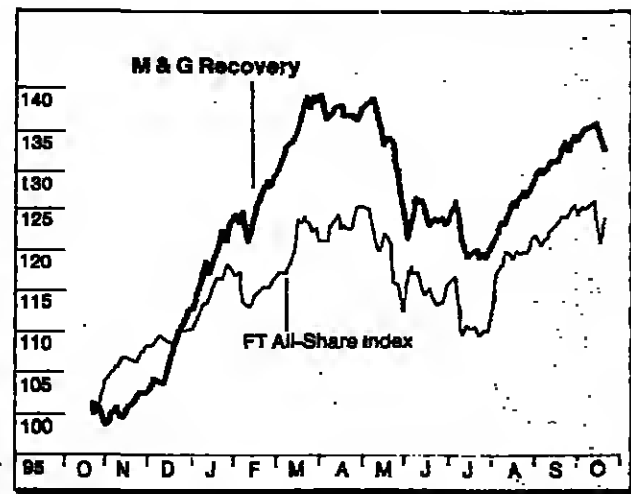
Established in 1969, M & G Recovery Fund is the largest and oldest of the recovery funds and a good example of the risks and rewards of investing in troubled companies.

Like most other recovery funds, the £115-million fund has outperformed the Financial Times All-Share Index. An investor who bought units in the trust on June 30, 1982, and sold them on March 31 this year would have realized a 70.2-percent gain in unit value. By contrast, the FT All-Share Index registered a 62.6-percent gain in the same period.

To produce such a gain, the manager of the fund took considerable risk. In the initial stages after June 1982, fund manager David Tucker backed the conventional wisdom that favored computer stocks by buying second- and third-tier industrial stocks. The decision clearly went against market sentiment and, in fact, the M & G fund did fare worse than the FT All-Share Index.

However, Mr. Tucker stood firm. Eventually, the shares he bought took off when the economic recovery in Britain gained momentum and glamour stocks, like high-technology shares, became too expensive.

Other recovery funds have followed a similar strategy. As the recovery gathered steam in mid-1982, some fund managers bought retailing and building shares, then switched to the manufacturing sector, the area



These three recovery funds tracked by Datastream using a daily index show how they have often been able to outperform the market over the last 12 months. These funds tend to move up faster than the overall market during periods of recovery.

hardest hit by the recession, and subsequently added engineering stocks to their funds.

THE PHILOSOPHY of buying such unfashionable stocks not only went against the prevailing market sentiment, but seemed to defy the economic fundamentals at work in the market. This was especially true in the manufacturing sector, where many small companies failed to survive the recession. The willingness to position themselves far ahead of time, however, has enabled the funds to ride the crest of the recovery.

The kinds of shares that are classified as recovery stocks depend on the unit trust. A decline in a company's share price and earnings does not automatically mean that it will be accepted by a recovery fund.

Some fund managers set tough standards. They only want shares in companies that have experienced some sort of major setback. Then if it looks as if a company may be turning around, it might qualify for inclusion.

"M & G has stuck to its philosophy of going for bombed-out companies," said Anthony Milford, a fund manager of Framlington Recovery. He added that if a fund "has too cautious an approach, it won't get the big winners."

"Some will go bankrupt, but if you have others which are trebling and quadrupling their profits" this will counter the poor performance of the weaker companies, he said. "You only get the winners if you stick your neck out."

Other fund managers are less choosy and include companies whose share prices have been disappointing but have not necessarily been victims of the recession.

Avon Rubber, a rubber-products manufacturer whose profits were largely based on tire sales, is an example of a recovery stock. As demand slipped because of longer lasting tires, Avon Rubber's profits turned into losses until the management decided to shift the product mixture away from tire manufacturing.

Although it still makes tires for more sophisticated sports cars, the company is now producing other rubber products such as rubber skirts for hovercraft for the U.S. Navy and respirators for gas masks.

Another example is Turner & Newall PLC, a brake-lining and car-parts manufacturer whose profits fell on fears that its products were too closely linked to asbestos. The company began to turn around after new

management took over, asbestos substitutes were developed and some of its recent acquisitions were sold off.

Although the biggest emphasis has been on manufacturing stocks, which were hard hit by the recession in 1981-82, other shares have also qualified as recovery stocks. Fund managers mention Midland Bank, which has only recently begun to recover following the troubles it had with Crockford National Corp., its California-based subsidiary.

Other British trusts specialize in purchasing shares in troubled American companies. Two recent favorites of the funds are Singer Co. and RCA Corp. Singer has for years posted losses on its sewing-machine business because it could not compete with Far Eastern makers. To survive, it has shifted its emphasis to the production of aerospace navigation systems and military electronics.

Likewise, RCA, the telecommunications and broadcasting company, began to improve. New management wrote off its money-losing video-disc campaign, and the ratings of NBC, its television network subsidiary, began to rise.

The examples suggest that the success of recovery funds has a lot to do with the economic climate. The best time to buy into one seems to be when the economy is emerging from a recession.

"Recovery funds do outstandingly well in the early part of an economic turnaround," said Paul Nix, who manages M & G's American Recovery Fund. "The time when recovery funds perform less well is at the end of economic expansion."

FUND managers disagree about short-term prospects for investing in recovery funds. M & G believes that although economic growth is likely to slow next year, another recession probably will not occur soon. There are more likely to be periods of varying growth rates, said Mr. Nix.

"With less volatility in the economy and less in the stock market the timing decision of when to buy is less important," he said.

However, with the London stock market near an all time high, corporate earnings strong and dividends rising, now is not the moment to invest, according to Framlington's Mr. Milford. An investor should wait until the stock market and economy are both depressed, he said.

Mr. Clarke of Henderson Recovery believes that 1984 will be the peak year for profits from recovery funds and doubts that they will be as great

next year. He says that the time to invest in recovery trusts is one year after the start of an economic cycle.

Sectors that fund managers are likely to consider are oil and oil-service companies, which have suffered from the declining oil price, industries that have been hurt by the strong dollar and could benefit from its weakening, and technology companies that were damaged by product obsolescence and production problems but could recover with new management.

Still, opportunities become more difficult to find as the recovery advances. "The more mature an economy," acknowledged Mr. Nix, "the more difficult it is to find turnaround stocks."



These boats are products of Avon Rubber, whose turnaround paid off for the funds that bought its shares.

COMMODITIES

Agricultural Options: Off to a Muted Start

By Gordon Bock

LIKE GAMBLERS waiting for a dice table to open, the Chicago traders swarmed ten-deep around a waist-high, fabric-covered ring more than two hours before the commodity world's newest game would begin.

The scene in brokerage firms around the United States played much the way it did in the New York offices of Heinold Commodities, where a senior account executive, Andrew Loza, and a dozen customers huddled in a warren of office cubicles, gazing expectantly at a square, black loudspeaker mounted on the wall. Finally, with the pop of a champagne cork and the ring of a bell, the Chicago Board of Trade began to trade options on agricultural futures for the first time since they were outlawed in the United States 48 years ago.

The CBOT, which is offering options on soybean futures, joins five other U.S. markets making their own forays into agricultural options, which were banned after a series of abuses and scandals in the 1930s. The Mid-America Commodity Exchange, Minneapolis Grain Exchange and Kansas City Board of Trade all offer wheat options, the Chicago Mercantile Exchange (CME) is dealing in live-cattle contracts and the New York Cotton Exchange is trading options on cotton futures. If all goes well, the U.S. Commodity Futures Trading Corp. expects to add live hogs, corn and another soybean option to the list next spring.

The start of trading caps one of the biggest promotional and marketing efforts ever made by the commodity exchange, with the CBOT and CME plunking down a combined \$5 million for brochures, slide shows and seminars to explain what many investors regard as a strange new animal known as an agricultural option.

Any option gives investors the right — but not the obligation — to buy or sell a futures contract at a later date for a pre-determined price. In exchange for this right, the investor pays a nonrefundable premium and a broker's commission. A "call" option gives you the right to buy at that pre-determined price, known as the "striking price." A "put" option gives you the right to sell at the strike price.

For the private investor, options hold a special attraction over the more unpredictable futures market because they bear far less risk and carry more insurance against potential personal disaster.

Consider an investor who believes soybean prices are going to rise, so he buys a call option for one 5,000-bushel contract. If he turns out to be wrong and soybean prices drop, say, from \$6.30 to \$5.50 a bushel, no options trader would lose a premium of \$1,250, while a futures trader who made the same bet would lose \$5,000.

The markets' dullness didn't help

Conversely, of course, if a bearish investor guessed correctly for the 5,000 bushels, he would have made \$5,000 trading in futures and would have had to settle for \$3,750 trading options — \$5,000 minus the \$1,250 premium.

COMMISSION costs on options vary widely. For the soybean contract example, Prudential-Bache would charge a total of \$162.50 — \$62.50, or 3 percent of the premium, on the buying side and \$100 to sell. The identical transaction could cost anywhere from \$45 to \$250 depending on the broker.

For all the hoopla, early trading has been muted. When the CBOT inaugurated options on U.S. Treasury bond futures two years ago, 4,000 contracts changed hands the first day. A recent day saw a volume of 21,000. First-day agricultural options struggled to achieve a volume of 150 contracts in cotton, 286 trades in wheat, 422 in cattle and a more encouraging 3,000 transactions in soybeans. It is the last two that analysts expect to wind up being the hottest new options, with comparably higher premiums.

The sluggish start surprises few analysts. Many feel it reflects the same overall condition in the commodities market due to big crops, slack export demand and the dollar's strength.

One investor viewing the action from afar is Stuart Dunkin, 39 years old, a full-time speculator and expert backgammon player who approaches agricultural options with the same studiousness he uses to analyze a backgammon opponent's moves. "It's all mathematics, statistics and strategy—in options and backgammon," Mr. Dunkin says. "I have to sit back and watch this market until I see more volume."

Mr. Loza of Heinold says most of his private clients are adopting similar wait-and-see attitudes toward agricultural options. "It's like fighting in a war," Mr. Loza says. "If you're the first guy over the wall, you have the best chance of getting killed."

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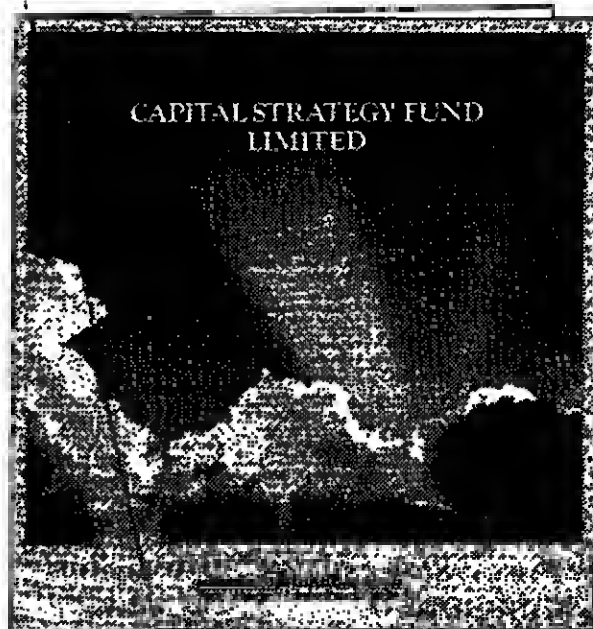
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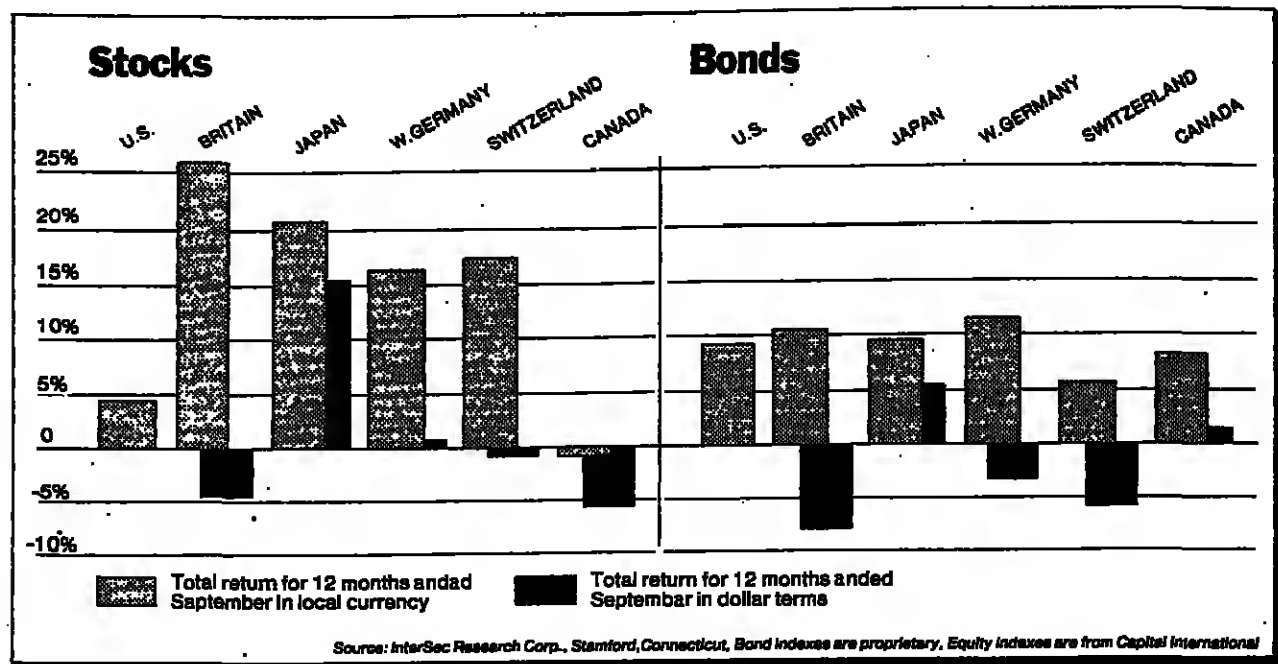
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CHART TALK

Comparing Total Returns



Total return is a measure of performance that reflects both the changes in prices and the income they provide, either in dividends or interest. It can be used as a broad gauge of the relative attractiveness among markets.

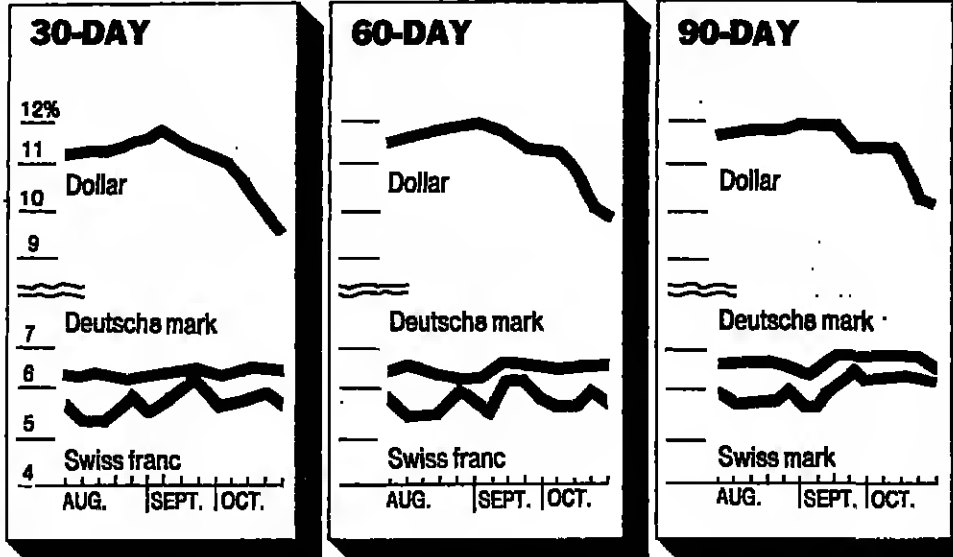
The chart above illustrates the performance of stock and bond markets in six leading industrial nations in the 12-month period ended in September. It represents the absolute rate of return in terms of local currency and dollars. As such, it is not adjusted for inflation or local taxes.

Gains and losses were measured by comparing market indexes at the end of September with those a year earlier. The chart does not take into account fluctuations in the markets during the 12 months.

The biggest changes in September's chart came in Britain, where total return in local currency rose to about 26 percent for stocks in the 12 previous months, up from about 22 percent in the 12 months to the end of August.

Eurocurrency Deposit Rates

Interest rates for minimum deposits of one million units. Quotes on smaller amounts can vary substantially. Provided by Noonan Ashley Pearce.



October's Leaders and Laggards

The decline in oil prices, disappointing earnings and takeovers buffeted world stock markets in October. But in New York, the gyrations left the markets about where they had been when the month started.

The Dow Jones industrial average ended the month at 1,207.38, up only marginally from 1,207.71 on Sept. 29. The same was true of the Standard & Poor's composite index, which ended the month unchanged at 166.10.

Christiana Cos., a San Diego-based land developer, vaulted into the top spot on news that TransAmerican Capital had bought a stake in the company. Tiger International was among the airline issues that firmed on the expectation that lower oil prices would reduce fuel costs.

On the losing side were a number of technology companies. Novo Industri, the Danish biotechnology company, joined shareholders with predictions that its sales would fall below its projections. Storage Technology, the computer maker that filed for protection from its creditors, slid 64 percent.

In the over-the-counter market, a few small computer shares advanced, among them Dysan. Kodak agreed to market Dysan's floppy disks, used for computer memory devices. Then Dysan agreed to be acquired by Xerox.

In London and Tokyo markets turned in much stronger showings than Wall Street during the month. The Financial Times Industrial Ordinary Index climbed to 888.0 from 864.40, despite the unresolved coal strike and shaky oil prices. A drop in interest rates helped the move upward.

Shares in Currys, the electrical retailer, were driven up by bidding from Dixons. After an initial bid was rejected, Dixons tried again with an offer in cash and shares valued at about £230 million (\$287 million). Builders such as George Wimpey and Barratt Developments also were market leaders. The big casualty on the London Stock Exchange was Johnson Matthey, the precious-metals and chemicals group whose banking arm was rescued by the Bank of England.

Stocks in Tokyo surged in October as the yen strengthened. The Tokyo Stock Exchange's market index rose strongly to 860.44, from 825.66 in October.

Pharmaceutical and bank shares were big gainers, while consumer electronics and machine makers were big losers.

Gainers and Losers

The stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in October.

GAINERS			LOSERS		
Symbol	Percent Gain	Oct. 31 Price	Symbol	Percent Loss	Oct. 31 Price
New York Stock Exchange					
Compiled by Media General Financial Services. Prices in dollars.					
Christiana Cos.	62	9.13	Storage Technology	64	4.06
Tiger Int'l	49	8.75	Novo Industri	35	27.88
Caracas Group	49	15.83	Western Co.	31	8.23
Adams Drug	33	24.25	Omnicare	29	8.85
Pantry Pride	29	5.50	C-S Inc.	28	9.35
Metek	27	10.83	Allie-Chalmers	28	7.50
Orange-Co.	25	4.38	Varco Int'l	26	2.63
Pacific Scientific	24	16.25	Lahigh Valley	27	3.00
Grow Group	23	17.50	Mohawk Data	27	10.25
Eastern Air Lines	23	4.75	Inspiration Resources	26	5.00
American Stock Exchange					
Compiled by Capital International. Prices in dollars.					
Barnes Engineering	35	8.88	Fitchburg Gas	39	10.58
Swanton	33	8.00	Teleconcepts	39	9.38
Continental Airlines	29	8.38	Datsaproducts	31	15.18
ICH Corp.	29	64.00	TII Industries	31	9.25
Sterling Extruder	29	15.75	American Metals	30	13.25
Over the Counter					
Dysan	100	9.00	Doctors Office	55	2.50
York Research	77	5.75	Convergent Tech.	51	8.88
Genetic Engineering	67	3.13	Westside Bancorp.	47	4.75
Scarfama	55	6.00	Scientific Computers	47	5.88
Continental Health	55	6.00	Hyde Athletic	43	3.75
London Stock Exchange					
Compiled by Capital International. Prices in pence.					
Currys	57	414	Johnson Matthey	37	151
DRG	27	182	United Scientific	27	196
Rowntree Macintosh	18	384	Telephone Rentals	18	188
Whitbread	17	191	De Beers	15	396
Burton Group	18	451	Charterhouse Roth.	12	400
George Wimpey	18	118	Mercury Securities	9	212
Barratt Developments	18	94	TI Group	9	171
Tootal	14	58.5	Commercial Union	9	228
Booker McConnell	13	215	British Oil	9	403
Tokyo Stock Exchange					
Compiled by Capital International. Prices in yen.					
Mochida Pharmaceutical	41	13,100	Matsushita Comm.	16	2,980
Sumitomo Bank	40	1,290	Victor Co.	15	1,950
Daiichi Sanyaku	35	2,230	Murata Mfg.	14	1,950
Ono Pharmaceutical	32	11,400	Matsushita Elect.	13	2,790
Tanabe Sanyaku	31	1,250	Pioneer Electronic	12	2,330
Nippon Seiko	25	751	Amada	12	1,150
Ebara	24	574	All Nippon Airways	11	355
Daikin Provisions	24	1,020	Omron Telsat	10	2,160
Bayu Pharmaceutical	23	1,120	Makino Milling	10	1,350
Fuji Bank	23	1,120	Nitto Electric	9	2,130

With Dollar Outlook Unclear, Investors Look for Safety Nets

(Continued from Page 9)

Michael Rosenberg, vice president and manager at Merrill Lynch Capital Markets. "The question is whether or not this will continue to underpin the dollar."

Odds are that the dollar will weaken considerably at some point, but most investment strategists believe that it is premature to abandon the U.S. currency. There is no way of gauging how far the dollar would fall once it began to

descend, and it may never sink to its 1980 level of 2 DM.

Adding to the confusion is strong sentiment in some quarters that the dollar could edge even higher. Jan M. Douker, senior investment manager at Roreto, an international bond fund sponsored by the Rotterdam-based Robeco Group, expects the dollar to rally now that the Reagan administration has won another term. Though he believes the dollar is overvalued, "my bet is that it's not over."

What should an investor do? Nothing, says Suresh L. Bhurud, chief portfolio strategist at First Boston Corp. He argues that economic growth in the United States may be slower but that it is still stronger than in Europe. And low inflation and political stability in the United States, Mr. Bhurud says, will remain long after interest rates decline. In other words, there may be no reasonable alternative to the dollar until the European recovery shows more depth, possibly by 1986.

Elaine Gazarelli, senior vice president at Shearson Lehman/American Express, has identified seven out of 60 industry groups she tracks as the likely beneficiaries of a weaker dollar because of their dependency on foreign sales.

Mr. Bhurud also sees a drop in the dollar as a "kicker" for U.S. companies whose export earnings have shriveled because of the high dollar. Buying shares in such companies, he said, would be one of the simplest ways to hedge against a dollar decline.

Those who are not reassured by the confidence expressed by analysts like Mr. Bhurud can take some simple steps to minimize their currency vulnerability without forsaking the dollar.

Perhaps the simplest is selling stocks and buying bonds. Analysts point out that a number of institutions have already taken this step to lock in the current high yields available on fixed-income securities. And the return could be high enough to offset losses from currency translations. In addition, if U.S. interest rates decline further, as many analysts expect, bond prices will rise.

Another strategy gaining favor is buying warrants, or options, on Eurobonds. With warrants, a bond buyer puts up as little as 4 percent of the price of the bond for the right but not the obligation to buy a dollar-denominated bond in the future. In the meantime, the balance outstanding is invested in another currency as a hedge. If the dollar drops significantly, an investor only loses the premium that was paid up front.

True bears, however, probably feel obliged to trim the dollar portion of their portfolios. If so, Merrill Lynch's Mr. Rosenberg suggests fixed-income paper, preferably denominated in Deutsche marks or European currencies, which reflect the value of a basket of eight European currencies.

The yields, he says, are among the closest to dollar-denominated Eurobonds, with 10-year West German domestic paper yielding about 7.60 percent, while a comparable ECU Eurobond earns about 10.45 percent. In contrast, a 10-year dollar-denominated Eurobond yields about 12.50 percent.

Japanese government bonds are another alternative, Mr. Rosenberg says, but the mark and other European currencies will likely bounce higher than the yen if the dollar falls.

Selecting an adequate hedge among equities is a lot riskier. The markets in countries whose currencies are likely to gain most from a dollar decline are generally less responsive than Wall Street. Stock prices also tend to be higher, with average price-earnings multiples in Japan double the level in the United States.

Nevertheless, David Testa, president of T. Rowe Price's International Fund, is convinced that a drop in the dollar will touch off rallies in some equity markets around the world, though he admits that the returns will be uneven.

They include cosmetics, pharmaceuticals, soft drinks, chemicals, computers and business machines, semiconductor and construction machinery. As an example of the potential benefits, Miss Gazarelli said a 10-percent drop in the value of the dollar will double the earnings growth rate for the first four groups.

She said some of the companies that stand to benefit most from a weaker dollar include International Flavors & Fragrances, Gillette, Coca Cola, Motorola and Dow Chemical.

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many large diversified corporations or closely held companies. German markets just aren't dynamic."

Mr. Testa prefers the Japanese market and has built up a significant exposure in yen securities, equivalent to 40 percent of the open-end fund's \$180 million in capital. He shies away from the high priced end of the market such as technology issues.

Instead, he searches for stocks that have yet to gain celebrity status among world investors or are bound to benefit from lower oil prices. Mr. Testa says Japanese utilities, like Tokyo Electric Power, will offer good value if the dollar drops.

Selectivity is crucial if an investor is entering a new market because of dollar fears. William E. Holzer of Scudder, Stevens & Clark's International Fund points out that a weaker dollar could spell trouble for a lot of European and Asian companies by improving the price competitiveness of U.S. concerns while reducing the appetite of American consumers for foreign goods.

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THE BOURSES

In Canada, Dashed Hopes



Even the election of a pro-business prime minister has failed to stir the market

By Fred Langin

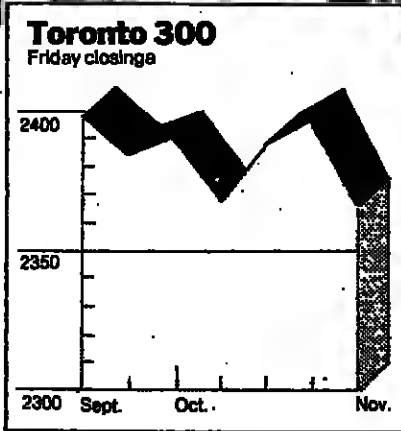
NO WHERE, it seems, have this year's sluggish commodity prices taken a higher toll than on Canadian stock markets.

Even the election in September of a conservative government in Ottawa failed to translate into the kind of resurgence in equity prices some observers had hoped for.

Even traditionally bullish developments in the neighboring United States have failed to stir the market. "It's the first time since 1960 that the Toronto market fell in a United States election year," said Richard Anstett, who is in charge of the index for the Toronto Exchange.

The Toronto Stock Exchange 300, a list of 300 stocks that one broker described as "the only 300 companies worth owning in Canada" was off 7.71 percent at the end of October. The performance at Canada's four other exchanges has been equally dreary.

One measure of the bearishness has been the sharp slump in volume this year. The Toronto exchange traded 1.7 billion shares in



sector, which has been gaining because of lower wage costs. Ford Canada has been trading at around 125 dollars compared with 79 dollars last January. Hays Dana, an auto-parts maker, is another bright prospect mentioned by analysts.

The bearish sentiment is understandable. Companies dealing in natural resources make up the largest sector on Canadian stock markets and the recent declines in mining, oil and gas shares reflect the underlying weakness in commodity prices. Not surprisingly, the lopsided nature of the market tends to affect the mood of the entire exchange.

Moreover, the new hope of Canadian investors, high-technology stocks, were hit even harder. Some shares have become almost worthless since the start of the year.

Analysts see little hope of a quick turnaround. "The bond market will drag the stock market up a bit but there won't be a big market play here until 1986," said Derek Russell, of Dominion Securities Piffle.

INTERNATIONAL oil-price wars and the seeming inability of the Organization of Petroleum Exporting Countries to shore up crude prices spell trouble for the oil companies, which once had been major attractions. The Toronto Stock Exchange's oil and gas index is off 7.61 percent so far this year, with most of that slump coming in the last month.

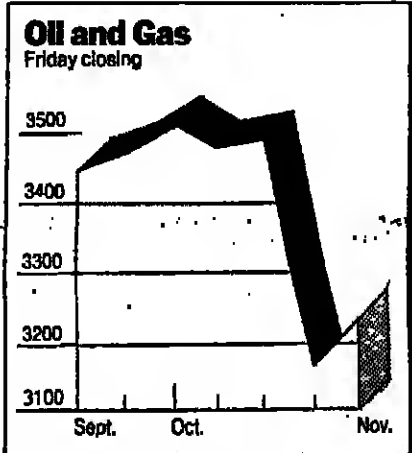
But statistics do not tell the whole story. The oil and gas index is mainly a measure of the large integrated oil companies such as Imperial Oil, 69-percent-owned by Exxon, and Gulf Canada.

Those companies' shares have had just a gentle drop, with Imperial going from 45 dollars to 43 dollars in the first 10 months of the year. Likewise, Gulf Canada was at 14 dollars at the end of October, down from 17 dollars on Jan. 1.

It was the smaller companies that took a drubbing. Ranger Oil tumbled 7 dollars from 14 dollars in 10 months; Oakwood Petroleum dropped to 15 dollars from 24 dollars. The biggest loss for the year was a small oil company, Trans Western Exploration, which started the year at 1.95 dollars and was last selling for about 10 cents.

Domestic developments added to oil company problems. Analysts point out that gasoline price wars in Canada ate into profits for most of the year.

The discovery by Gulf Canada of a large oil deposit in the Beaufort Sea, which is in the



the first 10 months of the year, down 2 billion shares from the level of a year earlier. And more shocking for the brokers is the dollar volume of trade: 21.7 billion Canadian dollars (\$16.6 billion) of shares traded hands, down from 25 billion dollars last year.

"If we don't have a big market in 1985," says one broker, "the biggest disaster of 1985 could be the brokerage firms themselves."

The only bright spot has been the auto

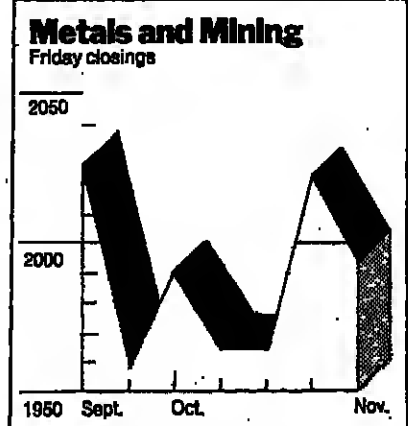
arctic near Alaska, briefly captured the market's attention.

"The find is very significant," says Richard Hallisey, oil analyst with First Marathon Securities in Toronto. "It could be more oil than we now export to the United States."

But here, too, there are drawbacks. Mr. Hallisey and other experts say the area is so remote that even if the find proved to be commercial it would be five to 10 years before it could produce any cash for its owners.

Mining shares have done even worse than oil stocks. Even though Canada is the world's largest producer of nickel and zinc, the second largest source of uranium, the third biggest producer of gold and silver and ranks among the lead and copper leaders, none of these achievements have helped stock prices.

The metals index sank 22.46 percent in the past 12 months. The big uranium mine,



Dennison, slumped to 13 dollars from 23 dollars; Hudson's Bay Mining dipped to 7 dollars from 14 dollars. But it was the penny stocks that have been hit hardest. One, Tangwood Resources, went from 2.70 dollars to 26 cents.

ADDING to the market's problems has been the dismal performance of the Toronto market's fledgling high-technology sector. Aside from a few companies, analysts say, the high-tech firms, encouraged by government funding and enthusiasm, have had unrealistic expectations and dreary management.

Byte-Comet has stopped making a portable computer similar to the IBM Personal Computer. Its stock has dropped to 1.40 dollars from 8 dollars. Nabit Network had the idea of delivering computer software over cable television systems. The idea did not catch on. The stock opened 1984 at 30 cents and is now worth 25 cents.

There were some technology successes, however. Helix, a company that makes integrated circuits, saw the price of its stock rise to 11 dollars at the end of October from 4 dollars in January. And CAE Industries, which makes flight simulators, climbed to 13 dollars from 8 dollars.

Tracking Tech On the Bourses

(Continued from Page 9)

for computer programming, will more than double profit for fiscal 1984 to at least \$5 million, from \$2.35 million in the year ended Dec. 7, 1983. Sales in 1983 were \$9.01 million, only a little more than the first half of the year.

These sharp increases offset the otherwise forbidding price-earnings multiple of 41. The share price, which closed a 980 pence Oct. 31, has gone from a low of 240 pence in 1983 to a high of 930 pence this year.

Micro Focus has succeeded where many other British companies have failed by expanding into the huge U.S. and Japanese markets. In 1983, the United States accounted for almost 60 percent of Micro Focus's sales. Japan represented 27 percent.

glamour of whirling computers, they are profitable. Despite competition in Europe from strong U.S. companies such as E.R. Squibb and Abbott Laboratories, Coloplast increased sales 55 percent to 316.2 million kroner (\$29.7 million) in the year ended June 30, 1984, from 204.5 million kroner the previous fiscal year.

Coloplast is getting aggressive. In the past 12 months, it has opened subsidiaries in West Germany, the United States and Sweden. Spain is next. It already had operations in Britain.

"We used to be production oriented," says a company official. "Now we're marketing oriented."

The price of the company's stock has risen to 2,020 kroner per

STILL, there are potential pitfalls, such as a possible entry by International Business Machines into the software-tool market.

Another British company that has distinguished itself by successfully competing with U.S. concerns on their home ground is Computer and Systems Engineering, supplier of data communications networks.

Computer and Systems Engineering started off by importing modems from Paradyne of the United States. Then, after a disastrous foray into word processing in 1982, it acquired Rixon, a U.S. data-communications company, from Schlumberger. It then began taking on companies like Paradyne in the United States.

"It's shown itself to be two years ahead of the competition," says Douglas Hawkins, an analyst with James Capel & Co., a London brokerage. "It doesn't reinvent the wheel every time, but it invents a better wheel."

Demand for data-communications products is growing at an estimated 40 percent a year, and Computer and Systems Engineering's revenue is expected to increase at about the same rate or better, according to industry watchers.

But not all the growth stocks are in information processing. Consider Coloplast, a Danish company that has found a niche in specialized medical products.

One of Coloplast's main products is a device called an ostomy bag for patients who have had parts of their stomachs or bladders removed. Other products include items for dressing wounds and sores.

While these products lack the

Coloplast has found its niche

100 shares from 1,150 kroner when it was introduced on the Copenhagen Stock Exchange in May 1983. Coloplast is expected to issue in December 50 new shares for every 100 shares now owned.

Increased attention is also being paid to another, more established Scandinavian company moving into profitable new markets. Finnish Sugar Co., which is known for its food and animal-feed products, is becoming increasingly successful in the sweeter and starch-enzyme businesses. Although it has had problems getting approval for marketing the sweeter Xylitol, the company now says that obstacle has been removed.

Finnish Sugar has entered the

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Company	Business	Where Traded	Stock Price on Oct. 31	Price/Earnings Multiple
Finnish Sugar	Supplier of food, feeds, sweeteners and starch enzymes	Helsinki Stock Exchange	100 Finnish marks	7
Coloplast	Maker of surgery-related products	Copenhagen Stock Exchange	2,020 Danish kroner per 100 shares	14
Electronic 2000	Distributor of electronic parts	Munich Stock Exchange	250 Deutsche marks	14
Computer and Systems Engineering	Maker of communications products, including multiplexers, modems and data networks	London Stock Exchange	295 pence	23
Micro Focus Group	Producer of software, primarily based on COBOL language	London Stock Exchange	880 pence	41

U.S. starch-enzyme market by taking business away from Denmark's Novo Industri, which recently reported a sharp drop in profit. Novo formerly supplied starch enzymes to Archer Daniel Midland in Decatur, Illinois. Now, through a joint-venture agreement with Nabisco Brands, Finnish Sugar is licensing the use of Finnish enzyme technology to Archer Daniel Midland, which has 40 percent of the U.S. corn-syrup market.

The price for unregistered Finnish Sugar shares available to foreigners was 100 Finnish marks (\$16.20) on Oct. 31, up from 92 marks, when 1.8 million shares were issued in a private placement across Europe in November of 1983.

Carnegie Foodcommission, the Stockholm brokerage house responsible for part of the private placement, estimates that 1984 per-share earnings will be 14 Finnish marks, up from 11 marks per share in 1983. Carnegie also predicts that net will rise to 17 marks per share in 1985.

Finnish Sugar is building up its international operations, which until now have been insignificant. "This is a major growth area," says Juhana Koivumäki, manager of the company's new international division, who predicts at least a 50-percent increase in international sales next year.

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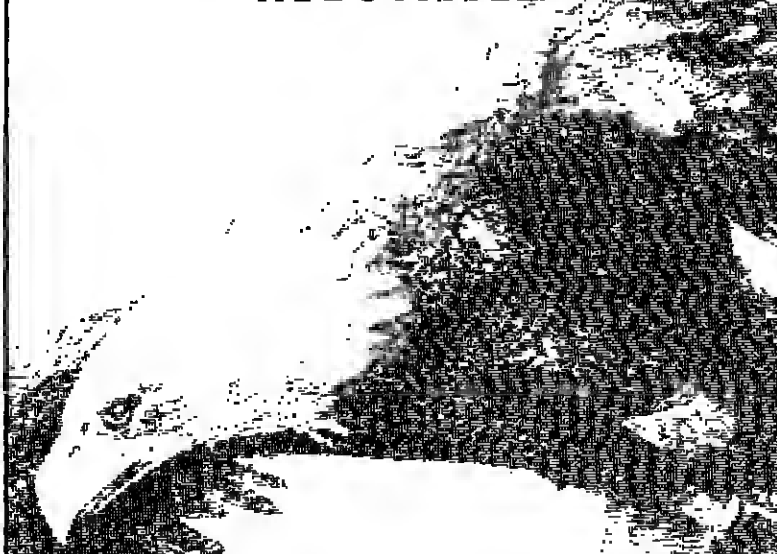
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PROFILE

Hans Mast: The Recovery Is Shifting

Fittingly, his office sits squarely on Zurich's Paradeplatz, ground-zero of the Swiss financial community. At 64, Hans Mast, the senior economist at Credit Suisse, is the doyen of his trade in a country that survives largely by its financial wit. A genial pragmatist, Mr. Mast, who joined Credit Suisse in 1947, has enjoyed a rare view of the inner workings of the world's financial system. In an interview with the *International Herald Tribune*, Mr. Mast was generally optimistic. The economic developments in the U.S., he felt, only showed that the system was working. Furthermore, he is convinced that the past few years of global economic turmoil have had some beneficial effects. Says Mr. Mast: "The world is a safer place than it was yesterday." On other topics:

Question: Some economists in the U.S. are speaking of a growth recession. What is your view on the American economy?

Answer: "Growth recession" is just a new-fangled term for a slow down, and, yes, a noticeable slowdown is already taking place in the U.S. We expect zero growth for the first half of 1985 and we do not exclude the possibility of negative growth in the second quarter. In such circumstances, we foresee a slight rise in unemployment, possibly to 8 percent of the work force. But, then, in the second half we expect a resumption of real growth, probably in the range of 4 percent. So for the year, the U.S. will achieve roughly a 2 percent increase in GNP.

Q. What will stimulate the resumption of growth?

A. First of all, a decline in American interest rates. Of course, we do not expect a dramatic fall. They will remain high with respect to the long-term range at 10 percent or so. But even modest declines will have stimulative effects, notably on consumer buying on installment plans and residential construction.

Q. How do you view the recoveries in Europe and Japan?

A. With considerable optimism. These are not fast recoveries, but they are solid and have stamina. Western Europe achieved a 3-percent growth rate in the last half of this year, and we are looking for that tempo to continue throughout 1985 with a tailing off toward the end of the year. For Japan, we are expecting a slight decline from the present rate of 5 percent during next year.

A historic reversal of roles is taking place. In the first half of next year, for the first time in many years, the European and Japanese economies will probably be growing at a faster pace than the American. This development will exert a powerful demand-pull on the U.S. economy



Hans Mast in his office: "The crisis atmosphere was probably essential."

and attract American exports, especially if the dollar grows somewhat weaker.

Q. Which sectors are likely to benefit the most in Europe from the continued recovery?

A. Export-oriented industries are first in line. We expect Europe to maintain and even improve its export penetration after the second half of '85. At present European currencies are undervalued against the dollar, and we see substantial import orders. We look for the most noticeable improvements in pharmaceuticals, all sorts of consumer-oriented sectors and services, including banking.

On a country-by-country basis, Germany is improving, and we are hopeful about France. In Britain, much depends on the outcome of the miners' strike. Even so, the European recovery will have little effect on the level of unemployment, which will remain high.

Q. Many experts feel that the U.S. currency has peaked. Yet, isn't it odd that investors in fixed-rate dollar securities seem in no rush to take their profits or hedge their bets?

A. Why should they? Given the high differential between American and Swiss interest rates, investors have no reason to move out quickly. Even in Deutsche marks, the differential is 4 percent in favor of U.S. securities. This large margin between dollar returns and those on Swiss franc and DM-denominated securities provides a considerable cushion. So, too, does the capital gain resulting from lower interest rates.

Also, there is the question of whether the investor expects a soft or hard landing of the dollar. Because the climb of the dollar since 1978 has been until recently relatively steady and orderly, most investors seem to think its decline will be the same way.

You must also remember that many of them went into dollar securities when the U.S. currency's rate was 1.80 to 2.00 Swiss francs. Therefore, those portfolios still look very, very good. Even for investors who bought at 2.50 to the dollar, the interest differential means that the dollar

would have to decline 8 percent against the Swiss franc before the dollar investment provided a yield as low as a Swiss fixed-interest security. If you recalculate the interest differential for three years, the dollar could fall to 1.80-1.90 Swiss franc in 1987 before actual losses could occur, thus giving investors ample time for decision.

Q. Some observers say the dollar's value, though high, reflects a new equilibrium in the world economy. How would you respond to that view?

A. Quite the contrary. The problem is that none has been established. In the early '80s, we had what we thought was an acceptable rate of 1.80 to 1.95 Swiss francs to the dollar, and that this rate more or less accurately reflected purchasing power and the relative balances in current accounts among the major trading nations.

Now, as the dollar has risen as high as 2.57 Swiss francs, we see great discrepancies and imbalances. Huge current-account surpluses are being built up in Japan, Europe and even in some of the developing countries, while the U.S. is showing huge deficits.

But the currency rates have not yet adjusted to correct these imbalances. Until they do, the high-priced dollar, which is pulling imports into the U.S. at a tremendous rate, will handicap and damage many American industries and increase the pressures for protectionism in Washington. At the same time, debtor countries are suffering from the high price of the dollar.

Q. Since the world banking crisis began to dominate headlines two years ago, the global economic system has survived several scares and remained intact. Is the worst behind us or ahead of us?

A. The worst didn't happen but also it is not in front of us. Actually, we have not been experiencing a global banking crisis. The banks that have gotten in trouble did so because of bad loans at home, not because of foreign borrowers. Nor have we had a debt crisis in the sense of overindebtedness. What we have been experiencing is rather a debt-management crisis. In some respects it has been overdramatized, but perhaps with good reason. The crisis atmosphere was probably essential to drive home a number of important points. The borrowers have learned that they cannot rely on endless credit from abroad to finance an unbalanced current account or grandiose and uneconomic projects.

They also learned that they would be worse off if they did not arrange their debts with their creditor banks and countries than if they did. Western governments in their turn now recognize that they have the responsibility for their own banks as well as for establishing an environment that does create a relatively prosperous world economy. Finally, the banks have learned that loans cannot be liquidated at a stroke but that they rather have to add to their commitments.

SOMETHING DIFFERENT

Why Wine Is Booming

By Robin Duthy

THE VINEYARDS of France have been tended more lovingly than any land on Earth and produce some of the wonders of the gastronomic world. For the investor in fine wines, those wonders have proved as pleasing to the pocketbook as they are to the palate.

An economic recovery and a spreading knowledge and interest in wine have conspired to push wine prices to impressive levels. The 1961 "first growth" now bring around \$2,800 a case at auction compared with \$450 in 1975. Since then the Vintage Bordeaux Index, which measures 20 top châteaux through three outstanding vintages, has climbed 425 percent—equivalent to 20-percent annual growth. The indifferent 1967 and 1969 vintages have risen only half that rate.

In London, wine drinkers buy young wines from their retailer, sell part of their holding at auction a few years later and reinvest in new young wines the retailer is then offering. With prices rising 20 percent annually for so long, many investors have been able to carry out this trading program year after year, covering the costs of the fine wines they consume with their profits from the auction.

These auctions provide an efficient two-way market in physical wines of any age. The expenses of an in-and-out investment, including selling commission, buyer's premium and taxes, fall in the 18-to-25-percent range. Christie's, whose charges are generally lower than Sotheby's, hold regular sales in London, Amsterdam, Geneva and Chicago.

Investors get their first chance to buy the young Bordeaux wines six months or so after the grapes have been picked. Wine merchants will be offering the 1984 vintage *en primeur* next spring. At that time the wines will still be maturing in barrels at the châteaux, so the buyer gets a piece of paper establishing his title to so many cases of a certain chateau's wine when it is shipped two or three years hence.

Until the wine is physically available in bottle, wine futures are traded between brokers, merchants and shippers on the Bordeaux market. Turnover has been heavy this year in the superb 1982s and the promising 1983s. Interest in those vintages rose further when this year's failure of the Merlot grape began to signal a sharp drop in production.

But demand was strong long before this year's setback. The fact that the European Community has accumulated a "wine lake" reflects falling consumption of everyday wines in France, Italy and Spain and has little to do with the quality wines of Bordeaux.

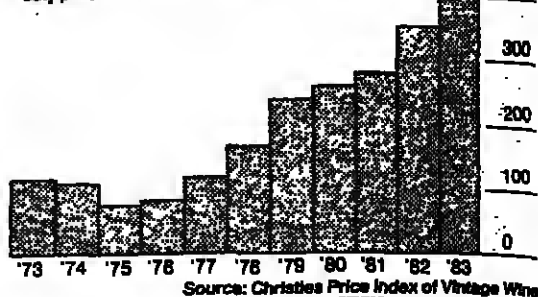
For centuries the names Lafite, Latour, Margaux, Mouton Rothschild and Haut Brion have been known to connoisseurs; recently several wine publications have made them familiar in a vastly wider range of households. As a result, some wine merchants are finding them easier to sell than to buy. Most investment interest is focused on the châteaux accorded first or second growth status in the 1855 classification of the Médoc, together with three from other regions: Châteaux Ausone, Pétrus and Cheval Blanc.

A big part of the strong demand is coming from Americans. For the last two years the sliding value

Some Very Good Years

Château Latour 1970 Vintage

The median London auction price in pounds for a dozen bottles, duty paid.



of the pound against the dollar has turned London wine auctions into a bargain basement for American buyers. In sterling terms, the Vintage Bordeaux Index is up no less than 700 percent.

The performance of wine prices is not so surprising, for fine wine has strong investment credentials. In the first place, supply is just about fixed for all time. Nearly every corner of France has been planted with vines, yet only a few thousand acres have been found with the soil and microclimate needed to produce great wine. And within that area the official *Code du Vin* limits the amount of wine that may be made.

Another obvious but important point about wine as an investment is quite simply that it gets drunk. The existing stock of other alternative investments such as paintings by old masters and Georgian furniture is static; that of gold and diamonds, above ground at any rate, is growing. Fine wines, on the other hand, get rarer all the time.



In 1985's first half, for the first time in many years, Europe and Japan will probably be growing faster than America.



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International Bond Prices - Week of Nov. 8

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financial Credit Suisse-First Boston.
Prices may vary according to market conditions and other factors.

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[illegible]

STRAIGHT BONDS
All Currencies Except DM

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

Anal	Security	%	Mid	Price	Mid	Low	Cor
5250	Element Western X/w	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5255	Vale Int Finance W/w	72 1/2	200	21	13 1/2	9 1/2	1 1/2
5260	Int'l Finance W/w	72 1/2	200	21	13 1/2	9 1/2	1 1/2
5265	Windsor Overseas	72 1/2	200	21	13 1/2	9 1/2	1 1/2
5270	Int'l Finance	72 1/2	200	21	13 1/2	9 1/2	1 1/2
5275	Windsor Overseas	72 1/2	200	21	13 1/2	9 1/2	1 1/2
IRELAND							
5280	Public Power Corpor	84 1/2	200	97 1/2	16 1/2	15 1/2	1 1/2
ISRAEL							
5285	Israland	84 1/2	200	97 1/2	16 1/2	15 1/2	1 1/2
5290	Israland	84 1/2	200	97 1/2	16 1/2	15 1/2	1 1/2
5295	Israland	84 1/2	200	97 1/2	16 1/2	15 1/2	1 1/2
5300	Israland	84 1/2	200	97 1/2	16 1/2	15 1/2	1 1/2
IRELAND							
5305	Israland	84 1/2	200	97 1/2	16 1/2	15 1/2	1 1/2
5310	Israland	84 1/2	200	97 1/2	16 1/2	15 1/2	1 1/2
5315	Israland	84 1/2	200	97 1/2	16 1/2	15 1/2	1 1/2
ITALY							
5320	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
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5755	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5760	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5765	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5770	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5775	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5780	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5785	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5790	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5795	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5800	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5805	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5810	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5815	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5820	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5825	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5830	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5835	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5840	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5845	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5850	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5855	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5860	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5865	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5870	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5875	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5880	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5885	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5890	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5895	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5900	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5905	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5910	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5915	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5920	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5925	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5930	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5935	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5940	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5945	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5950	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5955	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5960	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5965	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5970	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5975	Alfa Romeo Int'l	74 1/2	200	22 1/2	13 1/2	9 1/2	1 1/2
5980	Alfa Romeo Int'l	74 1/2	200				

[illegible][illegible][illegible][illegible][illegible][illegible]

1110	World Bank	15	Mar	1968	11.68
1120	World Bank	15	Apr	1968	11.81
1130	World Bank	15	May	1968	11.92
1140	World Bank	15	Jun	1968	12.02
1150	World Bank	15	Jul	1968	12.13
1160	World Bank	15	Aug	1968	12.24
1170	World Bank	15	Sep	1968	12.35
1180	World Bank	15	Oct	1968	12.46
1190	World Bank	15	Nov	1968	12.57
1200	World Bank	15	Dec	1968	12.68
1210	World Bank	15	Jan	1969	12.79
1220	World Bank	15	Feb	1969	12.90
1230	World Bank	15	Mar	1969	13.01
1240	World Bank	15	Apr	1969	13.12
1250	World Bank	15	May	1969	13.23
1260	World Bank	15	Jun	1969	13.34
1270	World Bank	15	Jul	1969	13.45
1280	World Bank	15	Aug	1969	13.56
1290	World Bank	15	Sep	1969	13.67
1300	World Bank	15	Oct	1969	13.78
1310	World Bank	15	Nov	1969	13.89
1320	World Bank	15	Dec	1969	14.00
1330	World Bank	15	Jan	1970	14.11
1340	World Bank	15	Feb	1970	14.22
1350	World Bank	15	Mar	1970	14.33
1360	World Bank	15	Apr	1970	14.44
1370	World Bank	15	May	1970	14.55
1380	World Bank	15	Jun	1970	14.66
1390	World Bank	15	Jul	1970	14.77
1400	World Bank	15	Aug	1970	14.88
1410	World Bank	15	Sep	1970	14.99
1420	World Bank	15	Oct	1970	15.10
1430	World Bank	15	Nov	1970	15.21
1440	World Bank	15	Dec	1970	15.32
1450	World Bank	15	Jan	1971	15.43
1460	World Bank	15	Feb	1971	15.54
1470	World Bank	15	Mar	1971	15.65
1480	World Bank	15	Apr	1971	15.76
1490	World Bank	15	May	1971	15.87
1500	World Bank	15	Jun	1971	15.98
1510	World Bank	15	Jul	1971	16.09
1520	World Bank	15	Aug	1971	16.20
1530	World Bank	15	Sep	1971	16.31
1540	World Bank	15	Oct	1971	16.42
1550	World Bank	15	Nov	1971	16.53
1560	World Bank	15	Dec	1971	16.64
1570	World Bank	15	Jan	1972	16.75
1580	World Bank	15	Feb	1972	16.86
1590	World Bank	15	Mar	1972	16.97
1600	World Bank	15	Apr	1972	17.08
1610	World Bank	15	May	1972	17.19
1620	World Bank	15	Jun	1972	17.30
1630	World Bank	15	Jul	1972	17.41
1640	World Bank	15	Aug	1972	17.52
1650	World Bank	15	Sep	1972	17.63
1660	World Bank	15	Oct	1972	17.74
1670	World Bank	15	Nov	1972	17.85
1680	World Bank	15	Dec	1972	17.96
1690	World Bank	15	Jan	1973	18.07
1700	World Bank	15	Feb	1973	18.18
1710	World Bank	15	Mar	1973	18.29
1720	World Bank	15	Apr	1973	18.40
1730	World Bank	15	May	1973	18.51
1740	World Bank	15	Jun	1973	18.62
1750	World Bank	15	Jul	1973	18.73
1760	World Bank	15	Aug	1973	18.84
1770	World Bank	15	Sep	1973	18.95
1780	World Bank	15	Oct	1973	19.06
1790	World Bank	15	Nov	1973	19.17
1800	World Bank	15	Dec	1973	19.28
1810	World Bank	15	Jan	1974	19.39
1820	World Bank	15	Feb	1974	19.50
1830	World Bank	15	Mar	1974	19.61
1840	World Bank	15	Apr	1974	19.72
1850	World Bank	15	May	1974	19.83
1860	World Bank	15	Jun	1974	19.94
1870	World Bank	15	Jul	1974	20.05
1880	World Bank	15	Aug	1974	20.16
1890	World Bank	15	Sep	1974	20.27
1900	World Bank	15	Oct	1974	20.38
1910	World Bank	15	Nov	1974	20.49
1920	World Bank	15	Dec	1974	20.60
1930	World Bank	15	Jan	1975	20.71
1940	World Bank	15	Feb	1975	20.82
1950	World Bank	15	Mar	1975	20.93
1960	World Bank	15	Apr	1975	21.04
1970	World Bank	15	May	1975	21.15
1980	World Bank	15	Jun	1975	21.26
1990	World Bank	15	Jul	1975	21.37
2000	World Bank	15	Aug	1975	21.48
2010	World Bank	15	Sep	1975	21.59
2020	World Bank	15	Oct	1975	21.70
2030	World Bank	15	Nov	1975	21.81
2040	World Bank	15	Dec	1975	21.92
2050	World Bank	15	Jan	1976	22.03
2060	World Bank	15	Feb	1976	22.14
2070	World Bank	15	Mar	1976	22.25
2080	World Bank	15	Apr	1976	22.36
2090	World Bank	15	May	1976	22.47
2100	World Bank	15	Jun	1976	22.58
2110	World Bank	15	Jul	1976	22.69
2120	World Bank	15	Aug	1976	22.80
2130	World Bank	15	Sep	1976	22.91
2140	World Bank	15	Oct	1976	23.02
2150	World Bank	15	Nov	1976	23.13
2160	World Bank	15	Dec	1976	23.24
2170	World Bank	15	Jan	1977	23.35
2180	World Bank	15	Feb	1977	23.46
2190	World Bank	15	Mar	1977	23.57
2200	World Bank	15	Apr	1977	23.68
2210	World Bank	15	May	1977	23.79
2220	World Bank	15	Jun	1977	23.90
2230	World Bank	15	Jul	1977	24.01
2240	World Bank	15	Aug	1977	24.12
2250	World Bank	15	Sep	1977	24.23
2260	World Bank	15	Oct	1977	24.34
2270	World Bank	15	Nov	1977	24.45
2280	World Bank	15	Dec	1977	24.56
2290	World Bank	15	Jan	1978	24.67
2300	World Bank	15	Feb	1978	24.78
2310	World Bank	15	Mar	1978	24.89
2320	World Bank	15	Apr	1978	25.00
2330	World Bank	15	May	1978	25.11
2340	World Bank	15	Jun	1978	25.22
2350	World Bank	15	Jul	1978	25.33
2360	World Bank	15	Aug	1978	25.44
2370	World Bank	15	Sep	1978	25.55
2380	World Bank	15	Oct	1978	25.66
2390	World Bank	15	Nov	1978	25.77
2400	World Bank	15	Dec	1978	25.88
2410	World Bank	15	Jan	1979	25.99
2420	World Bank	15	Feb	1979	26.10
2430	World Bank	15	Mar	1979	26.21
2440	World Bank	15	Apr	1979	26.32
2450	World Bank	15	May	1979	26.43
2460	World Bank	15	Jun	1979	26.54
2470	World Bank	15	Jul	1979	26.65
2480	World Bank	15	Aug	1979	26.76
2490	World Bank	15	Sep	1979	26.87
2500	World Bank	15	Oct	1979	26.98
2510	World Bank	15	Nov	1979	27.09
2520	World Bank	15	Dec	1979	27.20
2530	World Bank	15	Jan	1980	27.31
2540	World Bank	15	Feb	1980	27.42
2550	World Bank	15	Mar	1980	27.53
2560	World Bank	15	Apr	1980	27.64
2570	World Bank	15	May	1980	27.75
2580	World Bank	15	Jun	1980	27.86
2590	World Bank	15	Jul	1980	27.97
2600	World Bank	15	Aug	1980	28.08
2610	World Bank	15	Sep	1980	28.19
2620	World Bank	15	Oct	1980	28.30
2630	World Bank	15	Nov	1980	28.41
2640	World Bank	15	Dec	1980	28.52
2650	World Bank	15	Jan	1981	28.63
2660	World Bank	15	Feb	1981	28.74
2670	World Bank	15	Mar	1981	28.85
2680	World Bank	15	Apr	1981	28.96
2690	World Bank	15	May	1981	29.07
2700	World Bank	15	Jun	1981	29.18
2710	World Bank	15	Jul	1981	29.29
2720	World Bank	15	Aug	1981	29.40
2730	World Bank	15	Sep	1981	29.51
2740	World Bank	15	Oct	1981	29.62
2750	World Bank	15	Nov	1981	29.73
2760	World Bank	15	Dec	1981	29.84
2770	World Bank	15	Jan	1982	29.95
2780	World Bank	15	Feb	1982	30.06
2790	World Bank	15	Mar	1982	30.17
2800	World Bank	15	Apr	1982	30.28
2810	World Bank	15	May	1982	30.39
2820	World Bank	15	Jun	1982	30.50
2830	World Bank	15	Jul	1982	30.61
2840	World Bank	15	Aug	1982	30.72
2850	World Bank	15	Sep	1982	30.83
2860	World Bank	15	Oct	1982	30.94
2870	World Bank	15	Nov	1982	31.05
2880	World Bank	15	Dec	1982	31.16
2890	World Bank	15	Jan	1983	31.27
2900	World Bank	15	Feb	1983	31.38
2910	World Bank	15	Mar	1983	31.49
2920	World Bank	15	Apr	1983	31.60
2930	World Bank	15	May	1983	31.71
2940	World Bank	15	Jun	1983	31.82
2950	World Bank	15	Jul	1983	31.93
2960	World Bank	15	Aug	1983	32.04
2970	World Bank	15	Sep	1983	32.15
2980	World Bank	15	Oct	1983	32.26
2990	World Bank	15	Nov	1983	32.37
3000	World Bank	15	Dec	1983	32.48
3010	World Bank	15	Jan	1984	32.59
3020	World Bank	15	Feb	1984	32.70
3030	World Bank	15	Mar	1984	32.81
3040	World Bank	15	Apr	1984	32.92
3050	World Bank	15	May	1984	33.03
3060	World Bank	15	Jun	1984	33.14
3070	World Bank	15	Jul	1984	33.25
3080	World Bank	15	Aug	1984	33.36
3090	World Bank	15	Sep	1984	33.47
3100	World Bank	15	Oct	1984	33.58
3110	World Bank	15	Nov	1984	33.69
3120	World Bank	15	Dec	1984	33.80
3130	World Bank	15	Jan	1985	33.91
3140	World Bank	15	Feb	1985	34.02
3150	World Bank	15	Mar	1985	34.13
3160	World Bank	15	Apr	1985	34.24
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3190	World Bank	15	Jul	1985	34.57
3200	World Bank	15	Aug	1985	34.68
3210	World Bank	15	Sep	1985	34.79
3220	World Bank	15	Oct	1985	34.90
3230	World Bank	15	Nov	1985	35.01
3240	World Bank	15	Dec	1985	35.12
3250	World Bank	15	Jan	1986	35.23
3260	World Bank	15	Feb	1986	35.34
3270	World Bank	15	Mar	1986	35.45
3280	World Bank	15	Apr	1986	35.56
3290	World Bank	15	May	1986	35.67
3300	World Bank	15	Jun	1986	35.78
3310	World Bank	15	Jul	1986	35.89
3320	World Bank	15	Aug	1986	36.00
3330	World Bank	15	Sep	1986	36.11
3340	World Bank	15	Oct	1986	36.22
3350	World Bank	15	Nov	1986	36.33
3360	World Bank	15	Dec	1986	36.44
3370	World Bank	15	Jan	1987	36.55
3380	World Bank	15	Feb	1987	36.66
3390	World Bank	15	Mar	1987	36.77
3400	World Bank	15	Apr	1987	36.88
3410	World Bank	15	May	1987	36.99
3420	World Bank	15	Jun	1987	37.10
3430	World Bank	15	Jul	1987	37.21
3440	World Bank	15	Aug	1987	37.32
3450	World Bank	15	Sep	1987	37.43
3460	World Bank	15	Oct	1987	37.54
3470	World Bank	15	Nov	1987	37.65
3480	World Bank	15	Dec	1987	37.76
34					

175	Switzerland	175	Oct	12	12.25	12.25	12.25
176	Switzerland	176	Oct	12	12.25	12.25	12.25
177	Switzerland	177	Oct	12	12.25	12.25	12.25
178	Switzerland	178	Oct	12	12.25	12.25	12.25
179	Switzerland	179	Oct	12	12.25	12.25	12.25
180	Switzerland	180	Oct	12	12.25	12.25	12.25
181	Switzerland	181	Oct	12	12.25	12.25	12.25
182	Switzerland	182	Oct	12	12.25	12.25	12.25
183	Switzerland	183	Oct	12	12.25	12.25	12.25
184	Switzerland	184	Oct	12	12.25	12.25	12.25
185	Switzerland	185	Oct	12	12.25	12.25	12.25
186	Switzerland	186	Oct	12	12.25	12.25	12.25
187	Switzerland	187	Oct	12	12.25	12.25	12.25
188	Switzerland	188	Oct	12	12.25	12.25	12.25
189	Switzerland	189	Oct	12	12.25	12.25	12.25
190	Switzerland	190	Oct	12	12.25	12.25	12.25
191	Switzerland	191	Oct	12	12.25	12.25	12.25
192	Switzerland	192	Oct	12	12.25	12.25	12.25
193	Switzerland	193	Oct	12	12.25	12.25	12.25
194	Switzerland	194	Oct	12	12.25	12.25	12.25
195	Switzerland	195	Oct	12	12.25	12.25	12.25
196	Switzerland	196	Oct	12	12.25	12.25	12.25
197	Switzerland	197	Oct	12	12.25	12.25	12.25
198	Switzerland	198	Oct	12	12.25	12.25	12.25
199	Switzerland	199	Oct	12	12.25	12.25	12.25
200	Switzerland	200	Oct	12	12.25	12.25	12.25
201	Switzerland	201	Oct	12	12.25	12.25	12.25
202	Switzerland	202	Oct	12	12.25	12.25	12.25
203	Switzerland	203	Oct	12	12.25	12.25	12.25
204	Switzerland	204	Oct	12	12.25	12.25	12.25
205	Switzerland	205	Oct	12	12.25	12.25	12.25
206	Switzerland	206	Oct	12	12.25	12.25	12.25
207	Switzerland	207	Oct	12	12.25	12.25	12.25
208	Switzerland	208	Oct	12	12.25	12.25	12.25
209	Switzerland	209	Oct	12	12.25	12.25	12.25
210	Switzerland	210	Oct	12	12.25	12.25	12.25
211	Switzerland	211	Oct	12	12.25	12.25	12.25
212	Switzerland	212	Oct	12	12.25	12.25	12.25
213	Switzerland	213	Oct	12	12.25	12.25	12.25
214	Switzerland	214	Oct	12	12.25	12.25	12.25
215	Switzerland	215	Oct	12	12.25	12.25	12.25
216	Switzerland	216	Oct	12	12.25	12.25	12.25
217	Switzerland	217	Oct	12	12.25	12.25	12.25
218	Switzerland	218	Oct	12	12.25	12.25	12.25
219	Switzerland	219	Oct	12	12.25	12.25	12.25
220	Switzerland	220	Oct	12	12.25	12.25	12.25
221	Switzerland	221	Oct	12	12.25	12.25	12.25
222	Switzerland	222	Oct	12	12.25	12.25	12.25
223	Switzerland	223	Oct	12	12.25	12.25	12.25
224	Switzerland	224	Oct	12	12.25	12.25	12.25
225	Switzerland	225	Oct	12	12.25	12.25	12.25
226	Switzerland	226	Oct	12	12.25	12.25	12.25
227	Switzerland	227	Oct	12	12.25	12.25	12.25
228	Switzerland	228	Oct	12	12.25	12.25	12.25
229	Switzerland	229	Oct	12	12.25	12.25	12.25
230	Switzerland	230	Oct	12	12.25	12.25	12.25
231	Switzerland	231	Oct	12	12.25	12.25	12.25
232	Switzerland	232	Oct	12	12.		

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Hong Kong, Telephone 5-8420 288

Marketmakers in Deutschmark
WestLB

[illegible][illegible][illegible]

DM STRAIGHT BOND									
AUSTRIA									
146	100	Austro	7	7	Feb	MTN	628	5	
147	100	Austro	8	8	Mar	MTN	628	5	
148	100	Austro	9	9	Apr	MTN	628	5	
149	100	Austro	10	10	May	MTN	628	5	
150	100	Austro	11	11	Jun	MTN	628	5	
151	100	Austro	12	12	Jul	MTN	628	5	
152	100	Austro	13	13	Aug	MTN	628	5	
153	100	Austro	14	14	Sep	MTN	628	5	
154	100	Austro	15	15	Oct	MTN	628	5	
155	100	Austro	16	16	Nov	MTN	628	5	
156	100	Austro	17	17	Dec	MTN	628	5	
157	100	Austro	18	18	Jan	MTN	628	5	
158	100	Austro	19	19	Feb	MTN	628	5	
159	100	Austro	20	20	Mar	MTN	628	5	
160	100	Austro	21	21	Apr	MTN	628	5	
161	100	Austro	22	22	May	MTN	628	5	
162	100	Austro	23	23	Jun	MTN	628	5	
163	100	Austro	24	24	Jul	MTN	628	5	
164	100	Austro	25	25	Aug	MTN	628	5	
165	100	Austro	26	26	Sep	MTN	628	5	
166	100	Austro	27	27	Oct	MTN	628	5	
167	100	Austro	28	28	Nov	MTN	628	5	
168	100	Austro	29	29	Dec	MTN	628	5	
169	100	Austro	30	30	Jan	MTN	628	5	
170	100	Austro	31	31	Feb	MTN	628	5	
171	100	Austro	32	32	Mar	MTN	628	5	
172	100	Austro	33	33	Apr	MTN	628	5	
173	100	Austro	34	34	May	MTN	628	5	
174	100	Austro	35	35	Jun	MTN	628	5	
175	100	Austro	36	36	Jul	MTN	628	5	
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177	100	Austro	38	38	Sep	MTN	628	5	
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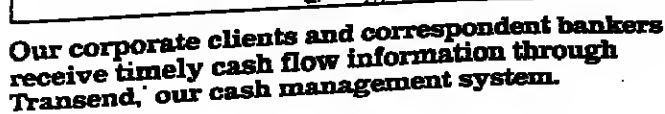
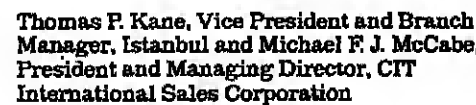
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Sales in 100s High Low Last Chg									
A									
AA	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
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BM	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
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BO	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
BP	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
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BS	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
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BU	1.2	1.2	1.2	1.2	1.2				



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SPORTS

USC Shocks Washington, 16-7; 6 Other Top-20 Teams Beaten

Compiled by Our Staff From Dispatches
LOS ANGELES — Highlighted by Southern California's 16-7 victory over top-ranked Washington, seven of college football's top-20 teams were defeated Saturday, affecting the possible matchups for all five New Year's Day bowl games.

Bowl bids can go out beginning Nov. 24. The matchups for the Fiesta Bowl — the only New Year's game without a conference affiliation — won't be determined until the other major bowl lineups are settled.

Southern Cal, ranked 12th by United Press International and 14th by The Associated Press, clinched the Pacific-10 crown and a trip to the Rose Bowl with its upset victory over No. 1, AP's No. 3, Washington (UPI's No. 2, AP's No. 3) fell to Houston and lost its undisputed Southwest Conference lead and Ohio State became the front-runner in the Big Ten after Iowa (UPI's No. 17, AP's No. 18) was knocked off by Michigan State.

Florida (ranked 11th and 10th, respectively, by the news agencies) took solid control of the Southeastern Conference race by crushing No. 8 Georgia, but might be denied a Sugar Bowl berth because of impending National Collegiate Athletic Association probation.

Sixth-ranked Miami might have been knocked from a major bowl by blowing a 31-0 halftime lead to a loss to unrated Maryland.

Amid the madness, Nebraska, which had been rated third by UPI and second by AP, emerged as the likely choice for the top spot by crushing Kansas. Fifth-ranked South Carolina set up the possibility of meeting Nebraska in the Orange Bowl for the national championship by defeating Florida State. FSU had been ranked 10th by UPI and 11 by AP.

Steve Jordan's three field goals and Fred Crutcher's 2-yard run for the go-ahead score with 14:15 to play lifted Southern Cal over Washington.

In putting an embarrassing 4-6-1 1983 season behind them, the Trojans won the Pac-10 title with a 7-0 in-conference record, 8-1 overall. USC's loss came in the third week against Louisiana State. Washington, which had been looking for its first Rose Bowl appearance since 1982, fell to 5-1 in the Pac-10 and 9-1 overall, but can remain in the running for a major bowl with a season-ending victory over Washington State next week.

Houston 29, Texas 15
In Austin, Texas, Gerald Landry threw two touchdown passes, DeWayne Bowden returned an interception 62 yards for another score and Houston capitalized on nine turnovers to stun Texas, 29-15. Houston (5-4) scored 17 second-period points on a 79-yard pass from Landry to split end Anthony Ketchum, a 48-yard field goal by Mike Cleendone and Landry's 7-yarder to tight end Carl Hilton with nine seconds left to the half. Its 19-game Southwest Conference winning streak snapped, Texas is 6-1 overall and 4-1 in the SWC. Texas Christian moved into a tie for first with a 27-16 victory over Texas Tech, setting up next week's conference showdown with the Longhorns.

Maryland 42, Miami 40
In Miami, Maryland staged the greatest comeback in major-college football history to nip Miami, 42-40. After the Hurricanes raced to their hefty halftime lead, reserve

quarterback Frank Reich replaced Stan Gelbaugh and directed Maryland to six straight scoring drives. The comeback was not complete until Miami's Melvin Bratton was stopped on a two-point conversion try with one minute left. Previously, the biggest deficit overcome by a winning Division I-A team had been 28 points, first accomplished when Oregon State rallied to beat Fresno State, 31-28, on Sept. 12, 1981. On Oct. 20 this season, Washington State trailed Stanford, 42-14, before winning, 49-42.

Florida 27, Georgia 0
In Jacksonville, Florida, freshman Kerwin Bell engineered scoring plays of 25 and 96 yards to put Florida on the threshold of its first SEC title with a 27-0 rout of Georgia. Florida will carry a 4-0-1 conference mark into its SEC finale at Kentucky on Saturday. A victory would give the Gators their first conference title in 52 years.

Boston College 45, Army 31
In Newton, Massachusetts, Doug Flutie became the all-time major college passing yardage leader by throwing for 311 yards and three touchdowns in leading Boston College past Army, 45-31. Flutie, a senior who started the game with 9,384 career passing yards, surpassed the Division I-A record of 9,614 yards set last season by Duke's Ben Bennett. (UPI, AP)

South Carolina 38, Florida State 26
In Columbia, South Carolina, Raynard Brown sprinted 99 yards with the second-half kickoff and Thomas Dandy had TD runs of 57 and 2 yards to spark South Carolina to its 38-26 decision over Florida State. As the country's highest ranked independent team, the Gamecocks could have their pick of the Orange, Cotton or Sugar Bowls if they get by Navy and Clemson the next two weeks.

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Slew o' Gold, All Along Upset in Cup Races

By Steven Crist
New York Times Service

INGLEWOOD, California — The two richest horse races ever ended in spectacular upsets Saturday at Hollywood Park as Wild Again beat Slew o' Gold after a rough stretch run in the \$3 million Breeders' Cup Classic and Lashkari beat All Along to the \$2 million Breeders' Cup Turf.

The unexpected victories by rank outsiders capped an afternoon of seven rich, new Breeders' Cup races, four of which were won by favorites and determined several divisional championships.

The Cup Classic, Slew o' Gold's final career start and expected to be his sixth victory of the year without a defeat, featured a stormy stretch run that may have compromised the favorite's chances. In the final yards, Wild Again was bearing out from the rail and Gate Dancer was lunging in on the outside, squeezing Slew o' Gold between them and forcing his jockey to take up.

The stewards immediately posted the inquiry sign and examined the films for 10 minutes before disqualifying Gate Dancer from second to third for interfering with Slew o' Gold. Earlier this year, Gate Dancer became the first horse ever disqualified for interference in the Kentucky Derby when he was dropped from fourth to fifth place.

Wild Again, a 31-40-1 shot, led virtually every step of the way despite early pressure from Precisionist and Majestic. He covered the mile and a quarter in 2:03-2/5. The 4-year-old was ridden by Pat Day. Slew o' Gold, who had been troubled by cracks in his right front foot that caused an infection in recent days, appeared ready to pass Wild Again in midstretch but was unable to go by him at first and then was squeezed off later.

In the turf race, 53-to-1 shot Lashkari got up in the final stride to beat All Along, the 1983 horse of the year. Lashkari, the longest shot in a field of 10, came from way back under Yves St. Martin to win by a head. The winner went a mile and a half in 2:25-2/5.

Lashkari, considered among the weakest of the European entrants, had won three of seven starts in France, but all were minor races. The English-bred previously had earned \$56,594 lifetime; he picked up \$900,000 Saturday.

Princess Rooney and Life's Magic clinched Eclipse awards as the

nation's top fillies by running 1-2 in the \$1 million Breeders' Cup Distaff. Princess Rooney, a 4-year-old, romped by seven lengths to prove herself the best older filly, and Life's Magic sowed up her title as the top 3-year-old filly when she beat her chief rival, Miss Oceana, finished last in the field of seven.

Princess Rooney raced just off the pace, through fractions of 1:33-3/5 on the grass was a U.S. record and tied the world mark set in 1949 in England over a downhill course by Alzette.

Royal Heroine sneaked through the pack in the stretch and drew off by a length and a half over 69-1 shot Star Choice in a blanket finish that found Cozzene a neck back in

third and Tights another neck back in fourth.

Elio hung on by a nose to win the \$1 million Breeders' Cup Sprint over Commemorate, a victory that probably earned him the title of the nation's champion sprinter. Elio flew out of the gate, opening a clear lead on fractions of 22-3/5 and 45-3/5. The favorite stretched his margin to 2 1/2 lengths with a furlong left, but was all-out under Craig Perret to hang on against Commemorate and Chris McCarron.

Fighting Fit was another 1 1/2 lengths back in third, 2 1/2 lengths in front of the filly Pleasure Cry. Fran's Valentine, a 74-1 shot, finished first in the \$1 million Juvenile Fillies race but was placed 10th for blatant interference, making Outstandingly the winner by disqualification. The race was as chaotic as the standing in the 2-year-old filly division it failed to clarify. The first three finishers went off at odds of 74-1, 22-1 and 78-1.

After a moderate early pace of 22-3/5, 46 and 1:11-2/5, a cavalry charge took shape. Fran's Valentine, about to take the lead on the outside, swerved and knocked Pirate's Glow off stride and into Bes-sarabian, the 8-5 favorite. Outstandingly, closing fastest of all on the rail but falling half a length short of Fran's Valentine, was unaffected by the incident. Fran's Valentine finished the mile out of a chute to the full time of 1:37-4/5.

The scies got off to a rousing start as Chief's Crown came from off the pace and then held off Tank's Prospect at the wire to win the \$1 million Juvenile by three-quarters of a length. The victory cemented Chief's Crown's claim to the 2-year-old championship.

Chief's Crown, the favorite to a field of 10 1/2-year-olds, covered the one-mile mile, out of the chute, in 1:36-1/5 under Don MacBeth. Tank's Prospect, sent off at 25-1, closed strongly, three-quarters of a length in front of Spend a Buck.



Right up there: Florida's Neil Anderson soared to a second-period TD Saturday against Georgia. The Gators won, 27-0.

Slew o' Gold, All Along Upset in Cup Races

By Steven Crist
New York Times Service

INGLEWOOD, California — The two richest horse races ever ended in spectacular upsets Saturday at Hollywood Park as Wild Again beat Slew o' Gold after a rough stretch run in the \$3 million Breeders' Cup Classic and Lashkari beat All Along to the \$2 million Breeders' Cup Turf.

The unexpected victories by rank outsiders capped an afternoon of seven rich, new Breeders' Cup races, four of which were won by favorites and determined several divisional championships.

The Cup Classic, Slew o' Gold's final career start and expected to be his sixth victory of the year without a defeat, featured a stormy stretch run that may have compromised the favorite's chances. In the final yards, Wild Again was bearing out from the rail and Gate Dancer was lunging in on the outside, squeezing Slew o' Gold between them and forcing his jockey to take up.

The stewards immediately posted the inquiry sign and examined the films for 10 minutes before disqualifying Gate Dancer from second to third for interfering with Slew o' Gold. Earlier this year, Gate Dancer became the first horse ever disqualified for interference in the Kentucky Derby when he was dropped from fourth to fifth place.

Wild Again, a 31-40-1 shot, led virtually every step of the way despite early pressure from Precisionist and Majestic. He covered the mile and a quarter in 2:03-2/5. The 4-year-old was ridden by Pat Day. Slew o' Gold, who had been troubled by cracks in his right front foot that caused an infection in recent days, appeared ready to pass Wild Again in midstretch but was unable to go by him at first and then was squeezed off later.

In the turf race, 53-to-1 shot Lashkari got up in the final stride to beat All Along, the 1983 horse of the year. Lashkari, the longest shot in a field of 10, came from way back under Yves St. Martin to win by a head. The winner went a mile and a half in 2:25-2/5.

Lashkari, considered among the weakest of the European entrants, had won three of seven starts in France, but all were minor races. The English-bred previously had earned \$56,594 lifetime; he picked up \$900,000 Saturday.

Princess Rooney and Life's Magic clinched Eclipse awards as the

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Defying Logic: Pro Sport's Shiftiness

By Ken Denlinger
Washington Post Service

WASHINGTON — Sophisticated fans may know what the Buffalo All-Americans, Akron Pros, Dayton Triangles, Chicago Stags, Rock Island Independents, Rochester Jeffersons and Columbus Panhandles have in common: They were more than half the National Football League in its first season.

Other trivial pursuits may be able to snap off the fact that the Pittsburgh Ironmen, St. Louis Bombers and Toronto Huskies were charter franchises in the National Basketball Association — and that Providence won the pennant and Toronto finished last in the National League in 1879.

Possibly, the Supreme Court justices know that there once were Falcons in Detroit, Celts in Cincinnati, Marines in Minnesota, Redskins in Sheboygan and that the first Caps in Washington played basketball. Without being quite hooked on sport, the justices' recent ruling that teams have been hopping from city to city for scores of years.

Maybe that's why the Supreme Court last week refused to consider the 27 other NFL owners' arguments against Al Davis being allowed to move his Raiders from Oakland to Los Angeles two years ago, on his whim and without their consent. Clear as clipping, the justices may have reasoned; it's against the law for a man not to be able to choose his place of business.

But nearly every other significant way the NFL operates also has been declared illegal by some court somewhere within the last decade or so. Then the draft and the way teams had to be compensated for a player simply deciding he wanted to work elsewhere were approved in collective bargaining. Because you cannot legislate brains, half the teams would be bankrupt if incompetence were not rewarded.

What the Supreme Court did not do may well be correct; it's also unfair, encouraging owners to every pro sport to strong-arm towns even harder than they already do. It looks here as if the justices have passed the ball of justice to Congress. Let's hope a law gets passed — and soon — that says the only way a franchise can skip town, without proof of nonsupport, is for the league to replace it.

The state of pro sport now defies logical thought. A player cannot move freely from one team to another; an entire team can move from one town to another without so much as a legal thumbtack being tossed in front of the town. Teams get compensated for losing players; towns don't get compensated for losing teams.

Only to 1984.

Congress can all but glimpse out the window to see why teams must be tethered to towns. The enormous white elephant called RFK Stadium was built at public expense about a quarter-century ago to house public pleasures, major league baseball and football. When the Senators skipped away the first time, baseball did right by Washington and created an expansion franchise; the second time, it left the town holding the mortgage.

Even mostly empty stadiums must be paid for.

Battling helmet in hand, we must beg baseball to return a franchise it never should have allowed to relocate in the first place. The brazen buzzards who pick cities clean and then move on should be grabbed by their greedy throats and choked into saying: "We'll stop."

The Dodgers dash to Los Angeles; the Braves sink off to Atlanta; the Senators slip off to Minnesota and Texas; the Rams bolt to Anaheim; the Raiders run to L.A., followed quickly by the Clippers. And so on and so on. The ultimate in athletic arrogance: On Dec. 2, the New York Giants will play the New York Jets on the New Jersey field both teams call home. The Giants are the victors.

With few exceptions, owners of pro teams get their playpens financed at public expense. Many pay either a nominal fee or rent

based on attendance. Cities with dreadful teams but without long-term leases are quivering more than ever.

Al Davis is the smartest man in the NFL, not necessarily the greediest. Whatever the rules, he and his team still would beat the brains out of most of the other NFL bosses, on the field and off. Many of his colleagues may be angered that only he had the nerve and wisdom to tackle a whole league and its considerable allies in important places.

And win, baby.

Still, Davis seems the sort you wouldn't walk off the first tee with unless that \$2 Nassau were authorized. The Raiders hardly left women and children starving in Oakland, but the precedent of a team's being permitted to walk out on a town that had supported it more than generously is an intolerable one. Give some of these guys 40 acres and a mule, and they'll soon demand the county.

Holmes Retains IBF Title

By Michael Katz
New York Times Service

LAS VEGAS — It was not a mismatch after all. Larry Holmes, showing all of his 35 years and the effects of a long layoff, had to survive several scares before toppling challenger James (Booccrusher) Smith at 2 minutes 12 seconds of the 12th round to retain his International Boxing Federation heavyweight title here Friday night. Few thought the scheduled 15-round bout would last as many as seven rounds.

The rough fight, in which both men were cut badly over their eyes, was stopped on the advice of Donald Romeo, the ringside doctor.

It was the first fight for Holmes since he scored a first-round knockout of Marvin Frazier a year ago. He entered with a 4-0-0 record and 32 knockouts, and he started his assault early. After the first minute, his jab had cut the bridge of Smith's nose.

But the challenger was not awed. In the second round, he continually attacked, going for Holmes's body; the champion showed the rust of his year off. He was also having trouble reaching Smith, whose 82-inch (208-cm) reach was an inch longer than his own.

But by the third round, Holmes had inflicted a bruise beneath Smith's left eye. In the fourth, he began landing rights to the head, and Smith's legs started wobbling. It was Holmes's legs that were wobbling in the fifth round, though. Backed against the ropes, he easily ducked a Smith left hook, but was hurt by a good right. Another right later in the round also rocked him, but he survived.

Smith continued to land right hands in the sixth. Holmes hardly seemed lovin'able. In the seventh, he continued to Referee Davey Gray about a thumb to the eye. Suddenly, Smith opened a bad cut over Holmes's left eye — he had over been seriously cut before — and blood streamed down his face. In the eighth a wild right staggered Holmes. The blood continued to flow, and Percy Richardson,



'Booccrusher' Smith ... Bloodied but unawed.

the champ's cut man, did not seem able to stop it. Holmes moved more in the ninth, and by its end Holmes's jabs were keeping the challenger away.

Smith had never gone a full 10 rounds, and in the 10th it was apparent he was tired. Holmes kept catching him with right hands to the head. In the 11th, a right opened up a bad cut over Smith's left eye; the cut was even worse than the champion's, and one of the greatest upsets in ring history was slipping away.

Smith, not wearing his mouthpiece, came out determined for the 12th. He soon ran into a right hand, but still he pressed forward. With Smith blinking his eyes, referee Davey Gray stopped the bout and brought him to the hospital.

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SCOREBOARD

Selected U.S. College Football Scores

EAST		SOUTHWEST		MIDWEST		WEST	
Amarillo 35, Williams 18		Arkansas 14, Baylor 7		Bowling Green 28, Ohio 17		Utah 31, Utah State 14	
Bates 14, Tufts 14		Arizona 24, Oregon 10		Central Michigan 21, Ball 17		Washington 27, Washington State 10	
Boston College 45, Army 31		Colorado 21, Colorado State 10		Dartmouth 27, Brown 10		Washington State 10, Oregon 27	
Bozeman 27, Montana 17		Houston 29, Texas 15		DePaul 21, Loyola 14		Washington State 10, Oregon 27	
Bozeman 27, Montana 17		San Jose State 21, Alameda 7		Illinois 34, Indiana 7		Washington State 10, Oregon 27	
Bozeman 27, Montana 17		San Jose State 21, Alameda 7		Illinois 34, Indiana 7		Washington State 10, Oregon 27	
Bozeman 27, Montana 17		San Jose State 21, Alameda 7		Illinois 34, Indiana 7		Washington State 10, Oregon 27	

Basketball

NBA Standings		SATURDAY'S RESULTS	
Atlanta	91-83	Portland 101-91	111
Boston	101-91	San Antonio 101-91	111
Brooklyn	101-91	Seattle 101-91	111
Charlotte	101-91	Utah 101-91	111
Chicago	101-91	Washington 101-91	111
Cleveland	101-91	Washington State 101-91	111
Dallas	101-91	Washington State 101-91	111
Denver	101-91	Washington State 101-91	111
Detroit	101-91	Washington State 101-91	111
Golden State	101-91	Washington State 101-91	111
Houston	101-91	Washington State 101-91	111
Los Angeles	101-91	Washington State 101-91	111
Memphis	101-91	Washington State 101-91	111
Minnesota	101-91	Washington State 101-91	111
Milwaukee	101-91	Washington State 101-91	111
Monroe	101-91	Washington State 101-91	111
New York	101-91	Washington State 101-91	111
Oklahoma City	101-91	Washington State 101-91	111
Phoenix	101-91	Washington State 101-91	111
Pittsburgh	101-91	Washington State 101-91	111
Portland	101-91	Washington State 101-91	111
San Antonio	101-91	Washington State 101-91	111
Seattle	101-91	Washington State 101-91	111
Utah	101-91	Washington State 101-91	111
Washington	101-91	Washington State 101-91	111
Washington State	101-91	Washington State 101-91	111
Washington State	101-91	Washington State 101-91	111

Hockey

NHL Standings		SATURDAY'S RESULTS	
Atlanta	101-91	Portland 101-91	111
Boston	101-91	San Antonio 101-91	111
Brooklyn	101-91	Seattle 101-91	111
Charlotte	101-91	Utah 101-91	111
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